

NEWS: INTERNATIONAL

Almost 3.5m out of work in Germany

By Christopher Parkes in Frankfurt

RECESSION and harsh winter weather drove German unemployment up to almost 3.5m last month. An increase of 42,000 in the west was partly offset by a 10,000 drop in the east, but short-time working increased by 300,000 to almost 1.3m.

Meanwhile, the Bayer chemicals group unveiled plans to put 3,000 people on short time, and Porsche, the sports car maker, confirmed the loss of a further 1,800 jobs during the course of this year.

The rise in unemployment, taking the rate to 7.5 per cent in the west and 14.5 per cent in the east, is expected to continue for at least another year. According to new Deutsche Bank forecasts, the total will hit 4m in early 1994.

Yesterday's news was accompanied by further evidence of the rapid advance of recession into manufacturing. In Baden-Württemberg, home state to Daimler-Benz and Porsche, industrial output during January was 32 per cent lower than a year earlier.

This compared with an average fall of 13 per cent in other Länder (states), the regional government said. Output from the motor industry, hit especially hard by short-time working, fell more than 50 per cent.

Turnover in the west's wholesale trade slumped a real 12 per cent in January, the federal statistics office said. No breakdown of the figure was available, although analysts said the drop was caused partly by a shopping boom late last year in advance of an increase in value added tax on January 1.

Mr Johann Eichhoff, a top Economics Ministry official, said wage increases should be held below the rate of growth in productivity for an "extended period". The labour market had to undergo a "massive structural change", he said.

In addition to those unemployed and working short time, a further 300,000 east Germans were being kept off the jobless register in government-subsidised work creation programmes. He also complained that large numbers of people were employed in uneconomic state-subsidised industries.

Levels of ozone hit record low

By Frances Williams in Geneva

OZONE levels over much of Europe and North America were the lowest on record last month, falling more than a fifth below normal, and have been persistently below normal this winter.

Revealing the figures yesterday, the World Meteorological Organisation said possible causes were the continuing release of ozone-destroying chemicals into the earth's atmosphere and winter weather conditions which have pushed ozone-poor air north from the sub-tropical Atlantic.

High-level ozone filters harmful ultra-violet rays from the sun, which can damage plants, marine and animal life and cause skin cancers and cataracts in humans.

The UN agency stressed that the northern hemisphere was not experiencing massive ozone destruction of the kind that has produced an ozone "hole" over the Antarctic. It said there was no need for special precautions against extra ultra-violet radiation, since little reached the earth's surface in winter. The periods of low ozone were short, the sun was low in the sky and the weather was often cloudy.

Bundesbank policymakers are back in driving seat

They may now use repo operations more often to steer money market rates downwards, writes Christopher Parkes

IT WAS a slice of salami, a step in the right direction, a signal, a carrot, and most of all another surprise. Economists and sundry commentators trawled the thesaurus for suitable reactions yesterday after the Bundesbank gave German interest rates a further downwards prod.

The cut of almost a quarter point in rates for next week's securities repurchase deals was all of these. Even though Mr Johann Gaddum, a directorate member, was wheeled out later to announce that the change was not to be seen as an indicator that the discount and Lombard rates would fall at the next council meeting on March 18, no-one was in a mood to believe him.

The cut in the repo rate to within 0.25 points of the 8 per cent discount rate – the official floor level – was read as the second signal in a month

that official short-term rates are on a downward slope. "We are on the way from point A to point B. It is now a question of how we get there and how quickly," said Mr Richard Radt, chief economist at the Union Bank of Switzerland in Frankfurt.

But Mr Gaddum's argument that current data suggested a need for "small steps" was widely accepted, at least until progress is made on budget consolidation and the French elections are out of the way. "Then the dancing can really begin," suggested Mr Adolf Rosenstock, chief economist at the local office of the Industrial Bank of Japan.

The Bundesbank's latest move was also seen as a sign that its policymakers have regained control of their strategy and tactics after disturbances in the European exchange rate mechanism forced a hasty cut

in official rates at their early February meeting. If there are no more ERM upsets – a tricky scenario in the light of the impending French elections – the Bundesbank can be expected to continue using its "repo operations" to steer money market rates downwards and cutting official rates as they fall.

Yesterday's manoeuvre also underlined a point which Mr Schlesinger has been trying to make for some months, that the repo instrument is not only a more flexible tool than the official rates, it is a more important indicator. As Mr Hermann Remspers, chief economist at the BHF bank noted, yesterday's cut was nothing less than a "reduction in leading rates".

According to Mr Rosenstock, the central council, which includes the heads of the regional central banks,

had now stopped its internal squabbling. The February reductions in official rates had harmed the bank's credibility, but now a consensus appeared to have been reached. "They are singing with one voice like a choir," he added. "At least there are not so many soloists." A sudden and marked reduction in the number of speeches and lectures delivered by individual members tends to support this view.

While international pressure for rate cuts in the interests of protecting the ERM and easing the climb out of recession has been uncomfortable, the greatest source of tension among council members has probably been Germany's own economic plunge. Regional representatives have been trailing into Frankfurt every fort-

night with ever grimmer tales of economic woe. A 22 per cent slump in January's industrial output in Baden-Württemberg, reported yesterday, was only the latest example.

But they seem to have been convinced that regional and national interests are best served in the long run if the bank keeps its deliberations focused on its main responsibilities, D-Mark stability and control of inflation, and returns to its traditionally cautious tactics.

Pressure for rate cuts from within the federal government has been effectively diverted back to Bonn, which now holds the key to the extent and timing of the next discount and Lombard changes. Fading money supply growth, sub-inflation wage deals and a just-discernible downward shift in prices meet some of the criteria for cuts, but Chancellor

Helmut Kohl has still to convince the Bundesbank that public spending and deficits will be reined in effectively.

Mr Kohl meets negotiators from the 16 Länder (states) on March 11 for up to three days of key talks on his solidarity pact, for funding revival in the east. According to Mr Rosenstock, a comprehensive deal to complete the chancellor's solidarity package would be a great surprise. "But if they get half way to a reasonable agreement, March 18 could be the day."

However, as the Bundesbank council showed this week when it sprang its surprise package a day after its routine meeting, the last thing it wants is for its agenda to be set either by the markets or by the media, or for its decisions to become wholly predictable.

Employment in the US surges ahead

By Michael Prowse in Washington

THE US economy created more than a third of a million jobs between January and February, the biggest increase in four years and a sign that employers are finally gaining sufficient confidence to hire more workers.

The unemployment rate, however, declined only 0.1 percentage points to 7.0 per cent, reflecting a large increase in the labour force last month.

President Bill Clinton yesterday welcomed the figures but warned that there remained "stark challenges ahead". He indicated that the administration remained committed to its \$30bn (£21bn) short-term fiscal stimulus, saying that it would create 700,000 jobs this summer and send a "profoundly important signal" to the American people. Ms Dee Dee Myers, the White House press secretary, said: "We're shooting for full employment."

The surge in employment far exceeded expectations on Wall Street, where most analysts had projected a gain of little more than 100,000 jobs. The dollar rose sharply in early trading to stand at DM1.8975

by midday. The Dow Jones Industrial Average rose 15.94 to 3414.85.

Non-farm payroll employment rose 365,000 to 109.2m in February, the first month that the economy has generated jobs in the numbers normally expected in a recovery from recession. However, figures for January were revised down to show a gain of only 44,000 against an initial estimate of 106,000.

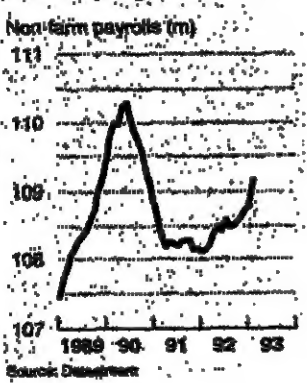
Two thirds of last month's increase was in service industries, with retail employment rising 131,000 to 19.3m, the biggest gain in five years. Construction employment rose 96,000 to 4.6m, reversing small declines in recent months.

Manufacturing employment was flat at 18.1m. However, the Labor Department reported an increase in factory hours to the highest level since 1986. Over-time hours are at the highest level on record, suggesting that manufacturers will soon have to hire more workers.

Mr Robert Reich, the secretary of labour, questioned the quality of the employment gain, noting that a large proportion of the new jobs were part-time. The jobless rate, while well below last year's peak of 7.7 per cent, was still higher than at the end of the recession nearly two years ago. Mr John Lipsky, chief economist at Salomon Brothers, the Wall Street securities house, said the figures pointed to "sturdy and self-sustaining" growth and underlined fears that the economy was running into a stall after robust growth in the fourth quarter.

The consensus view is that the economy will expand at an annual rate of about 3 per cent this quarter, down from nearly 5 per cent in the final quarter of last year but in line with White House projections.

US employment



Czechs impose stiffer rules for new banks

By Anthony Robinson and Patrick Blum in Prague

THE CZECH National Bank has introduced tougher requirements for banks wishing to set up in the Czech Republic. Banks will now have to deposit 300m crowns (£7m) with the central bank before starting up, Mr Josef Tosovsky, bank governor, said yesterday.

Until now, foreign and local banks were required to place only a third of the deposit with the central bank on start-up. Over the last three years, the number of banks with a full banking licence in the Czech republic has risen from seven to 48, including six foreign-owned banks. Such rapid expansion has imposed a heavy

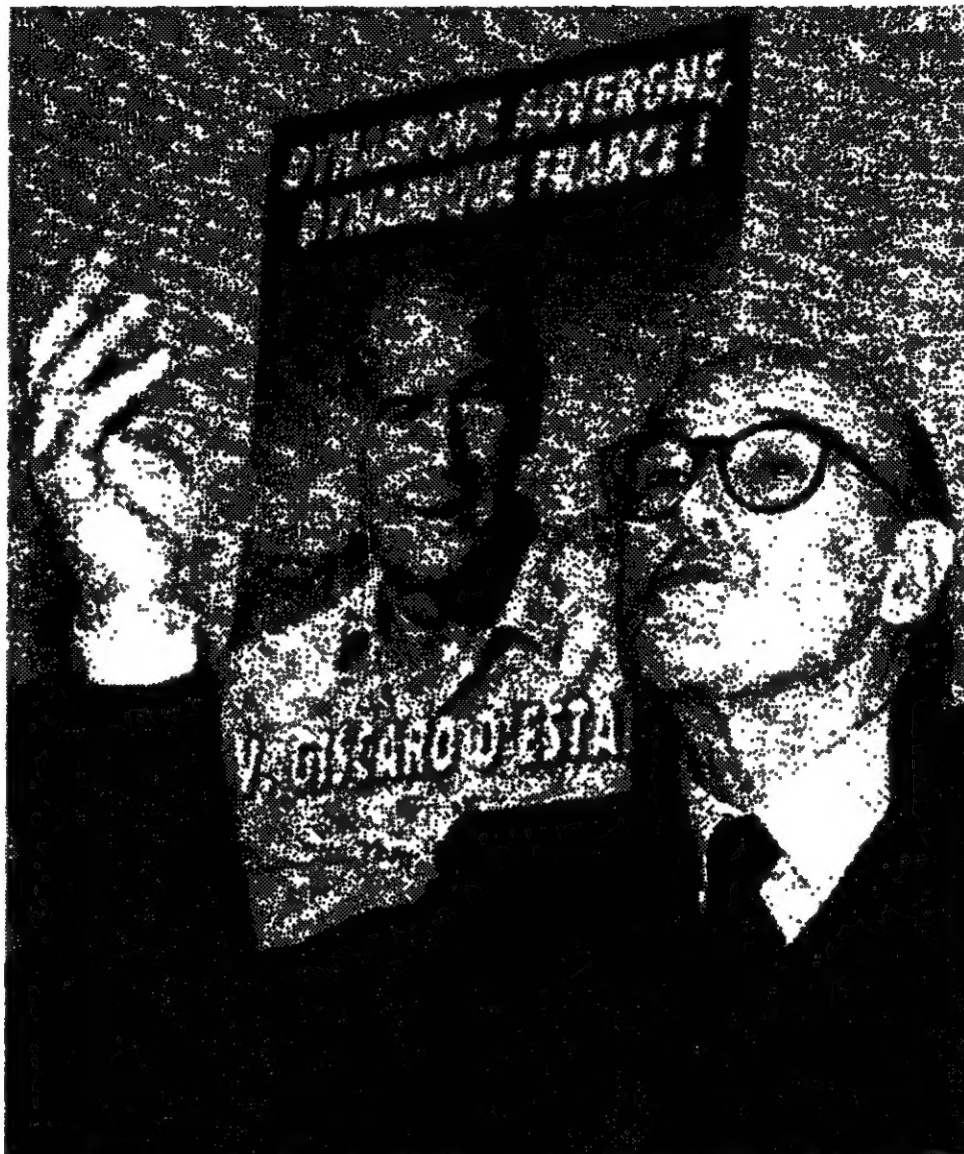
strain on the limited availability of experienced bank staff and led to widespread staff poaching.

Meanwhile, the Czech authorities are preparing a small revaluation of the Czech crown against the Euro-denominated clearing account set up to regulate trade between the Czech and Slovak republics.

Since the former joint currency split into separate Czech and Slovak crowns last month the Slovak authorities have made three small devaluations totalling 5 per cent against the clearing-Euro. The latest Czech move is expected to raise the effective overall devaluation of the Slovak crown in bilateral trade with the Czech Republic to 7 per cent.

Rocard's big bang hardly ruffles polls

By William Dawkins in Paris



Former president Valéry Giscard d'Estaing campaigning in Ceyrat, central France, yesterday

FRANCE'S unpopular ruling Socialist Party has recovered fractionally, according to the latest opinion poll, but still faces heavy defeat in the elections in two weeks' time.

The poll for Le Nouvel Observateur magazine, puts the Socialists up one point over the past month at 21 per cent. It attributes this to the impact of former French prime minister Michel Rocard's call for a political "big bang" to form a new grouping of human rights supporters, moderates and ecologists.

This small shift has a bigger effect on parliamentary seats, because of the France's first past-the-post constituency voting system. So the Socialists now stand to win 123 seats in the 577-seat national assembly, up from 40 in last month's Solres poll and down from 247 now.

Overall, the poll gives the opposition alliance of Gaullist RPR and centre right UDF between 386 and 423 parliamentary seats.

The poll puts the UDF and RPR neck and neck, with 19 per cent of the vote each, thanks to a slight loss in RPR popularity and a small gain by the UDF. This throws fresh uncertainty over the identity of the next prime minister, who until recently seemed more likely to be a Gaullist rather than UDF member. The final choice rests with President François Mitterrand, who traditionally picks the prime minister from the majority grouping, though the constitution sets no formal limit on his choice.

Tokyo hit by trade policy wrangle

By Charles Leadbeater in Tokyo

AN intense bureaucratic fight is under way in Tokyo over Japan's trade policy and the extent to which the economy should be stimulated to increase demand for imports.

This comes as Japan's current account surplus rose 82.9 per cent in January from the year before to \$5.21bn. The figures, published yesterday, will intensify pressure on Japan to boost its domestic economy to cut its trade surplus.

The steep rise in the surplus comes as Tokyo is attempting to formulate its trade policy towards the US before Mr Kiichi Miyazawa, the prime minister, visits Washington next month.

The surplus is likely to expand further before Mr Miyazawa's visit as the US economy sucks in Japanese exports and the yen's recent appreciation against the dollar boosts their value in dollar terms. The dollar closed at an all-time low in Tokyo yesterday of ¥116.47.

A Ministry of International

Trade and Industry survey published yesterday found that 84 per cent of major companies were being hit by the yen's appreciation, while 60 per cent said they would have to take streamlining measures if the yen continued to rise in the next few weeks.

Unadjusted, January's trade surplus, which excludes services, expanded by 18 per cent to \$7.03bn, mainly because modest growth in exports was combined with the continuing slump in Japanese demand for imports.

Exports in January rose to \$23.67bn from \$23.39bn a year before, while imports dropped to \$18.64bn from \$17.43bn.

The January figures mean that the aggregate current account surplus in the first 10 months of the fiscal year ending this March stands at \$95.44bn, already more than the record surplus of \$94.1bn recorded in 1988.

The aggregate trade surplus for the first 10 months of the financial year was \$108.27bn, a 22.8 per cent rise on the same period last year.

Companies cut back on recruitment

By Michio Nakamoto in Tokyo

JAPANESE companies are scaling back recruitment in an attempt to cut costs and adjust to leaner times.

Japan Air Lines yesterday said it would defer hiring 375 stewardesses for five months. Seibu Department Store, a leading retailer, plans to halve its recruiting next year from about 439 in fiscal 1993. Toyota, the leading car maker, has for the first time in five years stopped hiring full-time production workers outside the usual recruiting period.

There is growing public and government concern about the cancellations and their effect on society. The Ministry of Labour said this week it would propose amending part of the Employment Security Law to require companies planning to cancel promised employment to graduates to notify public job security agencies and local authorities. The companies themselves would be publicly identified.

Fourteen companies have so far cancelled the hiring of 211 graduates who had been told that they would be hired from April. Japanese law has no provision for punishing violators of the gentlemen's agreement known as *naitei*, by which graduates are promised employment at companies and are themselves more or less committed to that promise.

The ministry hopes to introduce its new measure by the end of the month after receiving a report from its advisory council. Japanese companies are reluctant to make employees redundant, as such moves are frowned upon by society, and cancelling recruitment plans is one of the few options available to them to cut employment costs.

However, the government has become concerned about the social impact of such moves, and the ministry has publicly asked corporations not to cut their workforces drastically in an attempt to cut costs.

JAL said that it had decided to postpone hiring the stewardesses because the number of flights it will have during the period will be less than planned as a result of its restructuring programme.

By September, the airline says, it should be able to hire new recruits as other stewardesses retire.

Clinton talks of tighter sanctions as peace hopes fade

By Robert Mauthner in London, Michael Littlejohns in New York and Laura Silber in Belgrade

THE US and its allies are preparing to tighten sanctions against Serbia and looking for other ways to end the conflict in Bosnia, President Bill Clinton said yesterday. He spoke as hopes of a breakthrough in the Bosnian peace talks in New York dwindled.

Mr Clinton said details of the new measures would be announced very soon.

Bosnia's UN ambassador, Mr Muhamed Sacirbey, dampened expectations that the Muslims were on the point of signing an

agreement on a map dividing Bosnia-Herzegovina into 10 semi-autonomous provinces, following their approval of ceasefire and military disengagement arrangements on Wednesday.

Countering forecasts by the international mediators that there would be a breakthrough on the map, which has so far been signed only by the Bosnian Croats, Mr Sacirbey said his government still had strong concerns about the plan.

In particular, further clarification was needed on how power would be shared between the proposed provinces and the central government, which would be respon-

sible for foreign relations. "We want to make sure that these provinces do not become ethnic enclaves, which is not something that I think either the international community or certainly the Bosnians want," he said.

The Bosnian Serbs, who have been assigned 43 per cent of Bosnia's territory, compared with the 70 per cent they now occupy, also have strong reservations about the map. This is the most controversial element of the international mediators' three-part peace plan, which also includes a constitutional framework and a military agreement.

Mr Reginald Bartholomew,

the US representative to the negotiations, said Bosnian President Alija Izetbegovic was unwell, but other members of his delegation were taking part in the talks. He had no reason to believe that it was a diplomatic illusion.

It was uncertain last night whether Mr Izetbegovic would leave New York as originally scheduled, following pleas by both the mediators and the United Nations Security Council that he should stay on until an agreement was reached.

Meanwhile, the UN has been unable to persuade Bosnian Serb commanders to allow aid workers into the Muslim enclave of Cerska, eastern Bos-

nia, reportedly overrun by Serb forces.

Unconfirmed reports from amateur radio operators, the only source of information from the besieged area and nearby Konjevic Polje, have said that hundreds of people have been killed and thousands were fleeing the region.

Radio Sarajevo carried an appeal from Cerska's local leaders to President Clinton to rescue them. "How long can this go on? The world watches and does nothing," the appeal said.

The commander of UN troops in former Yugoslavia for the past year acknowledged yesterday that there was wide-

spread dissatisfaction with their current mandate, saying it was certain this would have to be changed.

Lieutenant General Satish Nambiar, who is returning to Indian army service, agreed with the view that the peacekeepers might have to be authorised to use force to implement a Balkan peace settlement.

Gen Nambiar emphasised that all the heavy weapons now in the possession of the warring groups would have to be brought under UN control to make a ceasefire effective. His replacement is General Lars-Eric Wahlgren of Sweden (pictured right).



The Financial Times (Europe) Ltd
Published by The Financial Times Group
(Europe) GmbH, Frankfurt Branch,
Neubaugasse 1, 6000 Frankfurt-am-
Main 1, Telephone 49 69 136330; Fax
49 69 5964431; Telex 416193. Re-
sponsible Editor: Richard Lambert, Financial
Times, Number One Southwark Bridge,
London SE1 9HL. The Financial Times Ltd,
1993.

Registered office: Number One, South-
wark Bridge, London SE1 9HL. Com-
pany incorporated in England and
Wales. Chairman: D.E.P. Palmer. Main shareholders: The Finan-
cial Times Limited, The Financial News
Limited. Publishing director: J. Rolley,
164 Rue de Rivoli, 75004 Paris Cedex
01. Tel. (01) 4297 8621. Fax (01) 4297
0639. Editor: Richard Lambert, Print-
ing: Nord Eclair, 15/21 Rue de Caen,
91100 Evry-Corbeil-Esson. ISSN:
1148-2733. Commission Paritaire: No
6798/93.

Financial Times (Scandinavia) Vimed-
skaffat 424, DK-1161 Copenhagen-K,
Denmark. Telephone (45) 13 94 41. Fax
(45) 935335.

Second arrest in New York blast

By Karen Zagor in New York

A SECOND suspect was expected to be charged yesterday in connection with last week's bombing of New York's World Trade Centre, which killed five people and injured more than 1,000.

US investigators said they planned to place charges for interfering with investigations into the case.

New York City police commissioner Raymond Kelly yesterday said more arrests were expected in the case.

The second arrest in the case followed Thursday evening's charging of Mr Mohammed Salameh, a Moslem fundamentalist who was arrested as he tried to retrieve \$400 for a rented van alleged to have contained the bomb.

Mr Salameh was charged with aiding and abetting the bombing and subsequent fire and with transporting explosives across state lines. If convicted, he could receive a life sentence.

Mr Salameh was arrested when he returned to collect a

deposit on the van. The rental agreement named him and gave his address.

Details of the charge against Mr Salameh pointed to him as the builder of the massive bomb that blasted a 100-ft-wide hole in an underground parking garage at the centre.

The complaint said tools and parts were found at an apartment Mr Salameh used and that a police expert said they were evidence of a "bomb-maker".

US District Judge Richard Owen ordered Mr Salameh to

be held without bail.

Investigators are still looking for other suspects, and the FBI warned that the investigation would probably continue for many months.

New York Governor Mario Cuomo yesterday asked President Bill Clinton to declare New York a major disaster area, which would allow the city to get federal funding to help clean up the rubble, install new security measures at the centre's twin towers and counsel displaced workers.

The federal Small Business

Administration has already declared the area an economic disaster zone, thereby making business owners eligible for low-interest loans.

In a letter to the president, Mr Cuomo estimated the costs of the bombing at more than \$700m. Mr Cuomo's estimates were in line with earlier projections by the city's comptroller, Ms Elizabeth Holtzman. However, officials at the Port Authority of New York and New Jersey, which owns and operates the complex, believe the figures will be even higher.

Spotlight turns on blind cleric

By Mark Nicholson in Cairo

ISLAMIC extremism in the US has been most emphatically represented for the past three years by Sheikh Omar Abdul-Rahman, a 54-year-old Egyptian preacher.

Since the sheikh arrived in the US in 1990, apparently on a tourist visa, Cairo has repeatedly asked its ally to curb the activities of a man widely regarded in Egypt as the spiritual inspiration for violent Islamic groups in the country which have recently spearheaded a series of lethal attacks on foreign visitors.

The US immigration service said last month it was still considering a move to deport the cleric, on the grounds that he was a polygamist - he has three wives - and had once falsified a cheque in Egypt, both grounds for deportation.

Attention has focused on the sheikh because Mr Mohammed Salameh, the 26-year-old Arab charged on Thursday with the bomb attack on the World Trade Centre, prayed at the New Jersey mosque at which the Egyptian cleric occasionally preaches.

In a statement yesterday published through an Arab-American leader, Sheikh Abdul-Rahman "unequivocally denounced the bombing". Dr M.T. Mehdi, secretary-general of the National Council on Islamic Affairs, said the sheikh told him: "The holy Koran commands the faithful not to commit aggression..."

Such statements have led to the bombing of the World Trade Centre could not have been done by a true Moslem." Sheikh Abdul-Rahman has been clear-cut for more than a decade: the establishment of an Islamic state. In 1982 the blind preacher, who is said to have memorised a braille copy of the Koran at the age of 11,

Militants issue warning to foreigners in Egypt

By Mark Nicholson in Cairo

A MILITANT Islamic group claiming to be behind recent attacks on tourists in Egypt yesterday warned foreigners to leave the country and said foreign investments "could soon become a target."

The warning was issued to the BBC in Cairo and in it the Gama'a al-Islamiyya, or Islamic groups, also claimed responsibility for the killing on Thursday of a police officer and his son in Upper Egypt. Diplomats in Cairo said they were "looking into" the warning, but were treating it with circumspection.

Groups claiming to be part of the Gama'a al-Islamiyya regularly send faxes to news organisations to claim or disclaim responsibility for violent incidents in Egypt. Similar warnings were issued by these groups before the spate of attacks on tourists, which began last summer.

The Gama'a al-Islamiyya claims to be behind the attacks on tourists in Cairo and Upper Egypt which have already claimed the lives of at least three foreign visitors and an Egyptian.

The most serious was the bombing last Friday of a crowded coffee-house in central Cairo in which a Swedish and a Turkish tourist were killed, along with one Egyptian.

In yesterday's warning, the Gama'a al-Islamiyya said it "calls all Arab and foreign countries" to advise their citizens to leave Egypt and "preserve their lives". It urged "Egyptians, Arabs and foreigners" to "call off" their investments in the country. "Investments, but not the investors, could soon become a target to our just revenge," it said.

Quick success is good news for G-men

Unused to terrorism, New York can take it, writes Jurek Martin

JUDGE William Sessions was almost cheerful this week. The beleaguered head of the FBI, whose job appears to hang by a thread, was able to appear constantly on television, eventually announcing an arrest in the World Trade Centre bombing.

He was also not on the spot for the siege in Waco, Texas, because the Bureau of Arms, Tobacco and Firearms, which may have bungled its initial raid on the religious cult last Sunday, does not fall under his jurisdiction.

While he was able to evade unaccustomed confidence, initial public reaction to the detention of Mr Mohammed Salameh has been dominated by praise for the forensic detective work of the FBI and the local New York police.

Even without the unexpected quick arrest in this case, both New York and the country seem to have taken the events of the last week in their stride. The US has, by international standards, been quick

But, as the siege of Waco, the recent gangland-style execution of six people in the Bronx and a shooting outside the CIA in January, allegedly by a Pakistani citizen, all demonstrate, it is only too familiar with violence.

A typical reaction from a public figure was provided by

is not some group gone mad over religion in the Middle East somewhere. It's what we do to ourselves with violence, with drugs. The people in Waco didn't fly in here from Mesopotamia."

Under the surface calm, to which even normally excitable New Yorkers seem to sub-

leader, also issued a warning that US involvement in Bosnia could make it vulnerable to terrorism, but, under pressure, he later said his comments had been "misinterpreted".

Another prescient and factual article in the same newspaper two weeks ago had detailed the known activities of

The last big arrest of a foreign terrorist in the US was that of Mr Yu Kikumura of the Japanese Red Army, picked up in a bomb-laden car by a New Jersey highway patrolman in 1988. There is also evidence that the El Rukh black extremist group in Chicago was plotting with Libya to bring down a domestic US aircraft about five years ago.

General Brent Scowcroft, national security adviser in the Bush administration, this week said he believed Iran was the country now most responsible for sustaining various terrorist groups, though not necessarily controlling all of them. Also this week Mr Warren Christopher, the secretary of state, expressed the hope that Russia would not sell arms to Iran, in part for the same reason.

However, there is simply no evidence that US foreign policy is about to be affected by the implication of Islamic fundamentalists in the New York bombing. If New Yorkers could take it in their stride, the Clinton administration could hardly do less.

'The greatest threat to this country is not some group gone mad over religion in the Middle East somewhere. It's what we do to ourselves with violence, with drugs. The people in Waco didn't fly in here from Mesopotamia.'

Mr Peter Jennings, the ABC TV anchorman, who was asked on Thursday after a speech at Howard University in Washington if he thought the country had been traumatised by the New York bombing. He brusquely dismissed as rubbish one tabloid's piece of reporting which had concluded "America will never be the same again."

As Mr Mario Cuomo, governor of New York said: "The greatest threat to this country

scribe, there is some concern at the reminder that terrorist groups can and do operate in the US. This sentiment has been fanned by self-styled security experts, much in demand this week by the media.

A typical example was one opinion piece in the New York Times which said "the new world disorder means we'll be a bigger target" but provided little justification for its prognostication. Mr Radovan Karadzic, the Bosnian Serb

presumed terrorist groups inside the US.

The article quoted Israeli intelligence as believing that command of Hamas, the radical Palestinian group, was exercised not from Beirut or Tehran but from a house in suburban Virginia. But the prevalent view of the quoted experts was that, as with the IRA, the US has mostly been a source of funding and some recruitment for activities well away from American shores.

Milken goes free — up to a point

By Nikki Tait in New York

MR MICHAEL MILKEN, freed from federal custody this week, must now decide how to serve the 1800 hours of community service in each of the next three years required to fulfil his sentence for securities fraud.

The former head of the high yield bond department at Drexel Burnham Lambert, and the driving force behind the growth of "junk bond" financing in the 1980s, still faces strict curbs on his activities. The Securities and Exchange Commission has banned him for life from the brokerage industry.

He also faces trouble of a more personal kind - coping with prostate cancer.

Mr Milken had spent 22 months in a prison in Northern California, having pleaded guilty in 1990 to charges of violating US securities law, and then a further month in a halfway house - which had once been the residence of Mary Pickford, the movie star - in Hollywood.

For the 30 days immediately before his official release from federal custody on Tuesday, Mr Milken had lived at his California home, under government supervision.

He had originally been sentenced to a 10-year prison term by Judge Kimba Wood, in the New York Federal District Court, a particularly heavy penalty when compared with the treatment of other Wall Street criminals.

However, this sentence was subsequently cut to two years, on the grounds that the former financier had agreed to co-operate with the authorities. Mr Milken must now present a community service proposal to the judge.

In retrospect, there has been much debate over the extent of Mr Milken's co-operation; critics of the sentence reduction note that his public testimony against former colleagues at Drexel has been ambiguous and not particularly helpful to prosecutors.

However, in February last year, the financier agreed to pay an additional \$500m (\$352m) into a \$1.3bn "pool", to be divided among the various parties who had filed claims against Drexel Burnham Lambert.

The investment bank, now defunct, went into bankruptcy in 1990.

Mr Milken had already paid \$400m into an SEC disgorgement fund, and the aggregate \$900m penalty was said to represent 88 per cent of his personal wealth. However, this figure did not allow for assets held by Mr Milken's wife, Lori, or by his family.

Iran urged to cut trade agreements with UK

By Roger Matthews, Middle East Editor

IRAN was urged yesterday to cancel trade agreements with Britain because of the row over the author Salman Rushdie. Ayatollah Ahmad Jannati, one of Iran's most outspoken clerics, said yesterday parliament should review economic and trade relations with Britain because of its insults to Islam.

Speaking at Friday prayers in Tehran, Ayatollah Jannati said a meeting last month between Mr Rushdie and Mr Douglas Hogg, a minister at the Foreign Office, was aimed at "shattering Islam's dignity and opening the way for anyone to insult Moslem sanctities". He added that it was a tactic aimed at forcing Iran to submit to Britain's wishes.

Britain has recently stepped

up its demands that Iran should withdraw the religious ruling, or *fatwa*, passed by the late Ayatollah Khomeini which calls on Moslems to kill Mr Rushdie - for "blasphemy" in his book *The Satanic Verses*. Ayatollah Jannati said yesterday it was a divine ruling which "sooner or later, would be carried out".

He added that trade with Britain could be replaced by dealing with other countries. "Whatever we buy from Britain can very easily be bought elsewhere," he said.

Mr John Major, the British prime minister, is expected to meet Mr Rushdie within the next few weeks to underline the government's insistence that the *fatwa* has to be withdrawn before diplomatic relations between the two countries can improve.

Clinton pledges to aid Russian economy

PRESIDENT Bill Clinton yesterday promised to propose "some innovative solutions" for Russia's problems at his summit with President Boris Yeltsin, to be held in Vancouver on April 3 and 4, writes Jurek Martin in Washington.

Mr Clinton said that he planned far more than a "get acquainted" meeting. "I don't want to make any sweeping commitments but I'm going there with the intention of trying to more aggressively engage the US in the economic and political revitalisation of Russia."

Vancouver was chosen over Warsaw, offered as a site by President Lech Walesa, because Mr Yeltsin will be travelling in the Russian far east immediately beforehand.

The administration has already proposed increasing bilateral assistance to Russia from \$400m (\$281m) to \$700m.

Dispute at S African talks

MULTI-PARTY negotiations resumed yesterday in South Africa after a nine-month hiatus, but were immediately bogged down in disagreements between the mainly Zulu Inkatha Freedom Party and the government and the African National Congress, writes Patti Waldmeir from Johannesburg.

Some 26 organisations gathered at a hall outside Johannesburg for the conference. Participants ranged from the pro-apartheid white Conservative Party (CP) through traditional tribal leaders to the black radical Pan Africanist Congress (PAC).

There was an immediate dispute over who should chair the talks, and over where delegates should be seated. Inkatha, the mainly Zulu party, also signalled problems ahead, said it rejected an agreement between the ANC and government calling for power-sharing.

Zambian coup suspects arrested

Zambian police arrested seven people yesterday, including a son of former president Mr Kenneth Kaunda, in connection with an alleged coup plot, Foreign Minister Vernon Mwaanga said, Reuters reports from Lusaka.

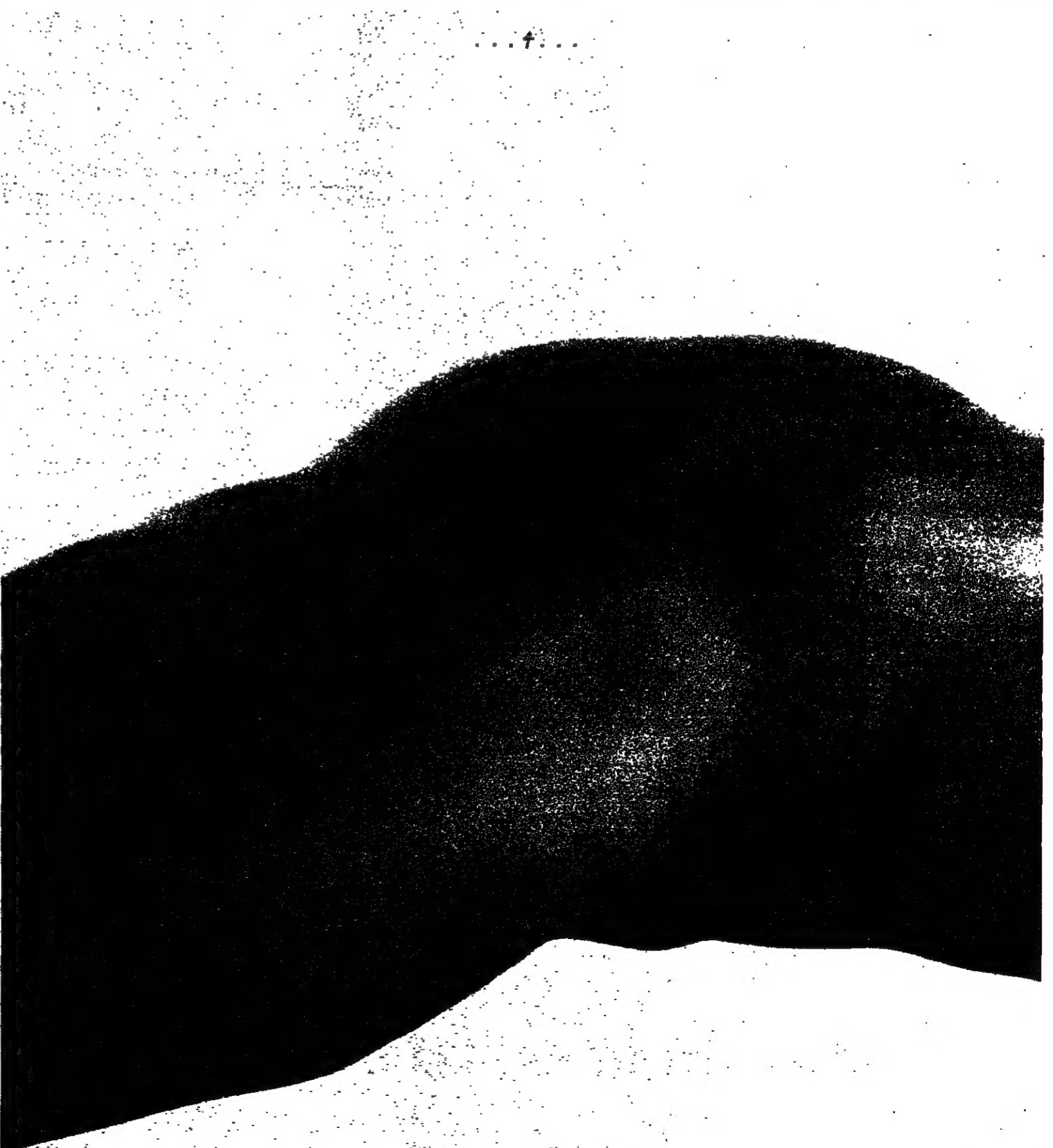
The arrests were announced after President Frederick Chiluba declared a limited state of emergency on Thursday night.

Mr Mwaanga said he had been told by police that Major Wezi Kaunda, the former president's third son and an opposition member of parliament under suspension for non-attendance, was detained.

Brazilian banker resigns

TURMOIL in the Brazilian economy increased yesterday with the resignation of Mr Antonio Barros de Castro, head of the National Development Bank and until recently responsible for the privatisation programme, Christina Lamb reports from Rio de Janeiro.

Mr Barros de Castro left strongly attacking the government. He accused aides of President Ramar Franco of incompetence and deliberately blocking the privatisation programme suspended since December.



THE MUSCLES YOU SIT ON ARE LOOKING FORWARD TO
MARCH 28 AND THE FIRST CONTACT WITH THE NEW SWISSAIR
BUSINESS CLASS FOR EUROPE. AND OUR RUMBOLD SEAT,
DESIGNED WITH ERGONOMICS IN MIND, CALLS FOR A SITTING OVATION.

NEWS: UK

Glasgow continues fight for army offices

By James Buxton,
Scottish Correspondent

GLASGOW is to continue fighting to persuade the army to locate its new personnel centre in the city, creating 700 jobs, after Mr Archie Hamilton, the armed forces minister, confirmed that the army was considering an alternative site in Stockport, near Manchester.

Amid accusations from Scottish politicians of all parties that the government was renegeing on a decision made

only six weeks ago, Mr Hamilton said the ministry had only recently become aware of a existence of a suitable building in Stockport which would cost £4m against £20m for the one earmarked in Glasgow.

He indicated that it was likely that the army would settle for Stockport, although the recommendation was still subject to review. It was important that the taxpayer received value for money.

In January the army said it was recommending Glasgow as

the site of its new unified personnel centre to handle all army pay and pensions. It said it would lead to the closure of several smaller offices around Britain, but 700 new jobs would be created in Glasgow and 400 existing MoD jobs in the city would be safeguarded.

It was expected that the centre would be located in Tay House, a large new office building standing empty in the heart of the city.

Mr Hamilton said the ministry had always made clear that

the original recommendation was subject to a period of review. During that period the ministry's consultants had become aware of a suitable vacant building in Stockport, which they had not known about.

The decision to give Stockport serious consideration has infuriated Mr Ian Lang, the Scottish secretary, who next week will announce the government's plans for improved constitutional arrangements for Scotland, which are widely

expected not to satisfy the opposition parties.

The Glasgow development agency, which was helping the army find a location for its new centre, said yesterday it had offered the army several buildings, some of which were cheaper than the one eventually chosen. "We were always told that they wanted a modern building to take them into the 21st century," the agency said yesterday.

It believes that the £4m building in Stockport is a 1970s

structure. "We will go back and make our submission all over again," the agency said.

Meanwhile there were indications yesterday that the government will next week announce the transfer of some of the civil servants concerned with regulating the North Sea oil industry from London to Aberdeen. But the proposed transfer appeared to amount to less than that urged by Scottish politicians.

Mr Bob Middleton, convenor of Grampian regional council,

which includes Aberdeen, said he understood that a cabinet committee had agreed on Thursday that between 30 and 40 civil servants' posts would be moved from London to Aberdeen.

That is fewer than the 80-odd civil servants in the petroleum engineering division of the Department of Trade and Industry's energy section, whose transfer to Aberdeen has long been a demand of businessmen and politicians in north-east Scotland.

Yarrow shipyard workers end strike

A FOUR-WEEK strike at the Yarrow shipyard in Glasgow ended yesterday when the 1,300 hourly-paid workers voted by a four-to-one majority to return to work. James Buxton writes.

The workers accepted a two-year pay-and-conditions offer which they had turned down a week ago and which represented only a marginal improvement on the offer which was available when they went on strike on February 5. Yarrow, a subsidiary of GEC, had offered the workers a 3.75 per cent pay increase over 12 months in return for changes in working conditions - including the abolition of the Friday tea break - as well as an immediate one-off payment of £200.

The only concession the Yarrow management made was to make the pay increase payable from March 1 instead of July 1. This was rejected by the workers last week. Throughout the dispute union officials have urged them to accept the terms on offer.

Yesterday Mr John Carty, Glasgow secretary for the AEEU engineering union, said: "At the end of the day improvements were achieved in the offer and the workers have a right to feel proud they are going back united."

Lawyer jailed for seven years

A LAWYER who used "a mire of deception" to plunder clients' accounts and cheat financial institutions of £4.7m was jailed for a total of seven years at Southwark Crown Court yesterday.

Mr Mark Wyeth, prosecuting, said Mr Philip Englefield, 49, of Knightsbridge, west London, had joined the 142-year-old west London firm of Boyce, Evans and Sheppard 32 years ago, eventually becoming a senior partner.

Mr Wyeth said Mr Englefield had stolen or misappropriated money from clients, leading to fund speculative property ventures. "He lied to his clients and misled his fellow partners."

Mr Englefield admitted 10 charges involving theft, false accounting and procuring the execution of valuable securities.

His activities were uncovered when the firm computerised its clients' accounts. Mr Englefield was now bankrupt and had been struck off by the Law Society, the court heard. The firm's reputation had suffered, said Mr Wyeth, and it had lost a lot of business. It had changed name, moved to cheaper premises and shed three quarters of its staff.

He added that as a result of Mr Englefield's criminal activities and alleged separate frauds by another of the firm's partners, claims totalling £12m had been filed with the Solicitors' Indemnity Fund and £2m had been paid in settlements.

Cognac sales decline 12.3%

THE BRITISH drank less cognac but more wine last year. Cognac sales fell 12.3 per cent to 11.8m bottles, according to the Cognac Information Centre, but Britain remained the leading European market, ahead of Germany and France.

Britain's wine consumption - up from 2.7 litres to nearly 13 litres a head since 1970 - is growing faster than in any other European country. About 577m litres of wine, worth more than £40m, was consumed last year, says a report from Mintel, the market researcher.

Plant to close

BURTONS catering factory, based in Ipswich, Suffolk, for nearly 170 years, is to close with the loss of 139 jobs, it was announced yesterday.

Local government under scrutiny

Watchdog chief pledges fraud probes

By John Wilman,
Public Policy Editor

THE AUDIT Commission, the public-spending watchdog, is to investigate fraud and corruption in local government following allegations about malpractice on an "unprecedented" scale in the south London borough of Lambeth.

Mr Andrew Foster, the new controller of the commission, said at a conference yesterday that the investigation would be launched next month. A second study into the health service was likely to follow.

Mr Foster said that the study would analyse the extent of corruption by re-opening every case notified to the commission in the past three years. The investigation would then identify steps to prevent fraud by improving the audit process or financial management systems.

Mr Michael Howard, the environment secretary, immediately welcomed the investigation. He promised to consider any recommendations for additional powers for auditors or local authorities.

Mr Jack Straw, Labour's environment spokesman, said that corruption was 80 times greater in central government and quangoes than in local government. "For all its imperfections, open, accountable local government is the best antidote to corruption," he said.

In his first newspaper interview since becoming controller, Mr Foster told the Financial Times that the commission had repeatedly tried to draw attention to what was going on in Lambeth.

"In every year since the Audit Commission was founded, our auditors have made public interest reports saying that Lambeth's finances

were in a totally unacceptable state," he said.

Before legislation was passed last year the commission could only send its reports to the Department of the Environment and the local authority concerned. Now it can publicise failure to address audit concerns, and intends to do so with vigour.

Meanwhile, Lambeth's auditor has been working closely with the council leader and chief officer to help them put things right. Mr Foster, formerly deputy chief executive of the NHS management executive, said he wanted to put much more effort into working with clients to improve their systems.

"Government reforms in many public services are delegating budgets to local managers and encouraging more entrepreneurial behaviour. The people now handling public money are less experienced, and there's a chance of things going wrong without a clear regulatory framework."

Mr Foster said the emphasis on contracting-out and market-testing required new approaches to public-sector management, since it introduced new opportunities for corruption in the awarding of contracts.

"People brought up in one sort of public-service culture must adapt to a very different market-oriented culture," he said. "It needs new procedures to ensure that those handling public money remain publicly accountable for it."

Mr Foster hopes to extend the commission's activities beyond local government and the health service to other public-sector organisations. He believes that the approach developed by the commission could help add value to other public services.

Smith calls for Leyland Daf help

By Ivor Owen,
Parliamentary Correspondent

MR JOHN SMITH, the Labour leader, yesterday challenged Mr John Major, the prime minister, to demonstrate his commitment to Britain's manufacturing sector by ensuring a future for Leyland Daf.

He contrasted the moves by the Dutch government to preserve as much as possible of the company's plants in the Netherlands with the insistence of British ministers that the receiver should be left to decide what could be salvaged.

Mr Smith told the north-west regional conference of the Labour party in Blackpool that the Dutch government had been willing to invest in the company because it recognised the value to the economy of its technology and the skills of its workforce.

Dutch workers knew their plants were secure, while British workers still did not know what would become of them, he said.

Mr Smith added: "There could be no sharper lesson of how Britain is losing out to countries with an industrial strategy because it has a government with none."

It was not just the workers of Leyland in Lancashire who were at risk, but the thousands more working for the company's many suppliers. He warned that the break-up of Leyland Daf would "weaken the industrial base Britain needs if we are to survive in competition with the rest of the world."

Mr Paddy Ashdown, leader of the Liberal Democrats, called on the government to boost the prospects for recovery by adopting his party's £4bn "action for jobs" programme.

He told Welsh Liberal Democrats in Brecon that a programme of public investment would put 350,000 people to work in a year and provide thousands of contracts for small companies, particularly in local construction projects.



Lucy Hodson of Sotheby's yesterday with the recovered portraits by Gainsborough and Reynolds

Stolen portraits are recovered

By Antony Thorncroft

TWO portraits, one by Reynolds, the other by Gainsborough, which had been stolen from the Great Hall at Lincoln's Inn in London in 1989, were recovered this week when they were brought into Sotheby's for evaluation.

They had been bought at the Remondouze market in London for £145 for the two, and the new owner, who had no idea of their provenance, carried the two canvases to the auction house in a plastic bin liner.

Ms Lucy Hodson, of Sotheby's British pictures department, was called down to the front desk to examine the paintings and immediately recognised them as the work of Reynolds and Gainsborough.

She checked with the Art Loss Register and discovered they were the missing paintings.

"I could not believe my eyes when this man pulled these two paintings from the bin bag," she said. "Both of them had been taken from their frames when they were stolen and the Gainsborough was rolled up. The Reynolds is smaller and was still on its stretcher but I recognised them straight away."

A portrait of William Pitt the Younger by Gainsborough, which was also stolen in the raid, has yet to be recovered.

Bass quits National Lottery race

By Raymond Snoddy

BASS, the brewing, hotels and leisure group, has dropped out of the running for the licence to operate the planned National Lottery.

The company had examined in detail prospects for the National Lottery - the lottery bill is now going through parliament - and was expected to be a member of a consortium bidding for the operating

licence. After a strategic review of the company's operations, the Bass board decided last week to concentrate on its existing core businesses and disband its lottery team, which had reviewed opportunities.

The Bass decision has been taken even though the company is already involved in gambling through Coral, its bookmaking arm. Bass is also a large operator in the bingo

market. The company decided that operating the National Lottery would be an entirely separate business needing new skills.

"We think the National Lottery will be a great success but we have decided to concentrate on our existing business," Bass said yesterday.

Bass is still interested in selling lottery tickets in its pubs although it is not clear whether this will be possible

under the rules. Many business opportunities will arise out of the National Lottery, particularly for companies that supply other lotteries around the world.

These include companies such as GTECH, which supplies computer-based lottery systems in many parts of the world and printers such as Norton Opax of the UK which supplies lottery tickers and instant scratch game cards.

Green taxes lose their pre-Budget lustre

THE oil industry is bracing itself for rises in petrol and diesel taxes in the chancellor's Budget on March 18, but otherwise environmental policy is likely to be notable by its absence. That is in spite of the fondness of Mr Michael Howard, environment secretary, for using financial instruments to achieve environmental targets.

Tax rises for automotive fuel might be presented as environmental instruments as transport emissions are the fastest-rising cause of air pollution, but the more important motive is likely to be raising revenue.

When the chancellor completed the abolition of the 10 per cent special car tax in the Autumn Statement he hinted that steps would be taken in the Budget to recoup the money.

The thrust of recent transport policy - that move, combined with intense debate about road pricing - has been



Bronwen Maddox on why environmental levies have fallen off the government's agenda

to tax use of vehicles rather than ownership. It would seem more likely that the government would raise the tax on petrol and diesel rather than the vehicle excise duty.

Abolition of the special car tax will cost £1.5bn in a full year, according to the Treasury. To recoup that an increase of 3.3 pence per litre on automotive fuels would be needed, oil industry estimates show.

The question fuel companies are asking is whether the chancellor would go further - sev-

eral say privately they are braced for a rise of at least 5 pence per litre.

It is difficult to portray this as an environmental measure - even though the Department of the Environment will doubtless try - because vehicle fuel price rises have little impact on how much people use their vehicles. That characteristic - increasing the attractiveness of a tax increase to the Treasury - was demonstrated during the 1973 oil price rises, according to Mr David Parker of the Petroleum Industry Association.

although drivers gradually moved to more fuel-efficient vehicles.

The much-discussed carbon or energy tax to help combat global warming is unlikely to make an appearance in the Budget, in spite of the Clinton administration's introduction of a US energy tax.

Mr Robert Jones, chairman of the Commons environment committee, has argued that a carbon tax - intended to persuade the energy sector to move to less carbon-intensive fuels, such as gas and nuclear fuels - would be pointless if the government were to subsidise the coal industry.

Carbon or energy taxes in the UK are likely only as part of an EC-wide move to reduce the impact on competitiveness, and Mr Ioannis Paleokrassas, the new EC environment commissioner, has warned there is unlikely to be much progress this year.

Labour may welcome cau-

tion in devising such taxes as it is concerned about the impact on poorer families. Mr Chris Smith, shadow environment secretary, said: "We hope that they will carefully consider all the possible social effects before moving ahead."

The government is also likely to think that the introduction of a levy on landfills - licensed rubbish dumps - would be premature. Coopers & Lybrand, the consultancy, has just completed a preliminary study for the environment department on a levy designed to encourage incineration of waste and to a lesser extent recycling.

Mr Smith says the UK government and Brussels are less serious about environmental policy than they were several years ago.

The Budget is likely to strengthen the opinion that environmental policy is fighting for its place on the political agenda.

Ten more judges for High Court

By Robert Rice,
Legal Correspondent

LORD Mackay, the lord chancellor, is to recommend the appointment of 10 new High Court judges "as soon as possible" to tackle a growing backlog of cases.

In a written answer in the Commons, Mr John Taylor, junior minister at the Lord Chancellor's Department, said Lord Mackay's decision followed a report by a group of judges and officials headed by Lord Justice Kennedy, on the work, deployment and numbers of High Court judges.

Lord Taylor, lord chief justice, appointed last year with a mandate to modernise the judiciary, said recently he could not do the job without a big rise in the number of Appeal Court and High Court judges.

The government's announcement follows warnings from the legal profession that a shortage of judges in the Commercial Court threatens London's future as a centre for handling international business disputes. The lord chancellor will have to seek parliamentary and Privy Council approval for an increase in the statutory maximum number of judges before any appointments can be made. The present limit of 65 was set in 1987. The number of High Court judges on March 1 this year was 83. The salary for a High Court judge is £27,630.

Mr Taylor said the judges would be deployed to "reduce delays and backlogs" in the Chancery Division, the Court of Appeal Criminal Division, the Employment Appeal Tribunal and the Commercial Court.

Lord Ridley: firebrand champion and defender of the Thatcherite faith

LORD RIDLEY, the zealous promoter of Thatcherite extremism who died yesterday was lauded by Baroness Thatcher, the former prime minister, as "a great Englishman".

He would have been equally honoured, perhaps privately, to have been called a bad European.

The former secretary of state for transport, environment, and trade and industry as well as intellectual confidant of Mrs Margaret Thatcher as she was then - was a nationalist, bogeyman of Brussels and scourge of socialism. His vision was of a wider, looser free-market Europe.

He was an unrepentant opponent of the Maastricht treaty who staggered into the House of Lords on his 64th birthday two weeks ago for a last denunciation of the treaty and European integration. A heavy smoker, he had been ill for some months.

As Mr Nicholas Ridley, his ministerial career ended in 1990 when he dubbed the European Community "a German racket designed to take over the whole of Europe".

His anger had echoes of Enoch Powell, at one point suggesting that opponents of closer European union should vote against Conservative candidates.

OBITUARY

The loss is greatest for the defenders of the Thatcherite legacy. His stamp is indelible. But in his unbridled enthusiasm he also sowed some of the seeds of its eventual destruction.

There was an academic rigour but, unlike Mrs Thatcher, he had less of an appreciation of the need sometimes to bow or bend according to prevailing political practicalities.

Lord Ridley introduced the poll tax, attacking its detractors by asking: "Why should a duke pay more than a dust-

man?" He arrived at the Department of Trade and Industry to ask: "What is this department for?" Prior to Mrs Thatcher's election as prime minister in 1979, he plotted ways of taking on the coalminers.

Lord Ridley was not afraid to think the unthinkable and incite Mrs Thatcher, suggesting in 1974, for instance, that she resign from the government of Mr Edward Heath.

For Mr John Major he was no close friend. When both were in the cabinet - the prime minister then as chan-

cellor - Mr Ridley waged a relentless, but ultimately unsuccessful, battle against British membership of the exchange rate mechanism.

Having converted the chancellorship himself, he was said by colleagues to regard Mr Major as intellectually lightweight.

In typical maverick form, Lord Ridley used a last article for The Times on Wednesday to suggest a higher 50p rate of income tax and the abolition of the ceiling on National Insurance contributions - strikingly close to Labour party policies at the last election.

It is true that Lord Ridley was a more complex character than the brash image he

appeared to deliberately cultivate. He could be personally unpleasant - particularly to journalists.

He had an arrogance perhaps borne of long experience. He represented the constituency of Cirencester and Tewkesbury for more than 30 years until he retired at the April 1992 election.

But in private there was a different character. Civil servants liked his wit, decisiveness and ability to delegate. He steered through the privatisation of British Airways and the water industry.

He was a tall, gaunt character, with a sense of propriety. He regarded it as his duty in

the Commons to take the risk - as he did in generous quantities over, say, his refusal to act against the Fayed brothers after a damning DIT report on their takeover of Harrods.

An amateur artist, Lord Ridley liked to paint in bright colours. In the world of politics he was similarly bold, sometimes betraying a naive understanding of political correctness.

His comments on Germany and the European Community, in a Spectator magazine interview, were only the most blatant example. He missed life in political office, and pined for the Thatcher years, but could at least claim that he went down fighting.



row yard kers strike

SEK strike at the ship yard in Glas-
terday when the
ty-paid workers
out-to-one majority
work. James Bux-

re accepted a two-
d-conditions offer
had turned down a
and which repre-
ly a marginal
nt on the offer
valuable when they
ke in February a
subsidiary of GEC,
the Workers a 6%
y increase over 12
return for changes
g conditions
se abatement of the
break as well as
re one off payment

pointed on the Var-
ment made was to
y increase payable
1 million of July 1
jected by the work-
sk. Throughout the
ion officials have
to amend the terms

Mr John Carr,
director for the
working union, said
end of the day
nts were achieved
and the workers
t to feel proud they
acknowledged

r jailed en years

It was used to run
nt to plunder ch-
- and what finan-
lance of 14.7m was
t of seven years
and 10 years

He was sentenced
to 14 years and 10
months in London.
The 41-year-old
man was found guilty
of 12 counts of fraud
and 12 counts of
obtaining money
by deception.

He was also found
guilty of 12 counts
of conspiracy to
defraud.

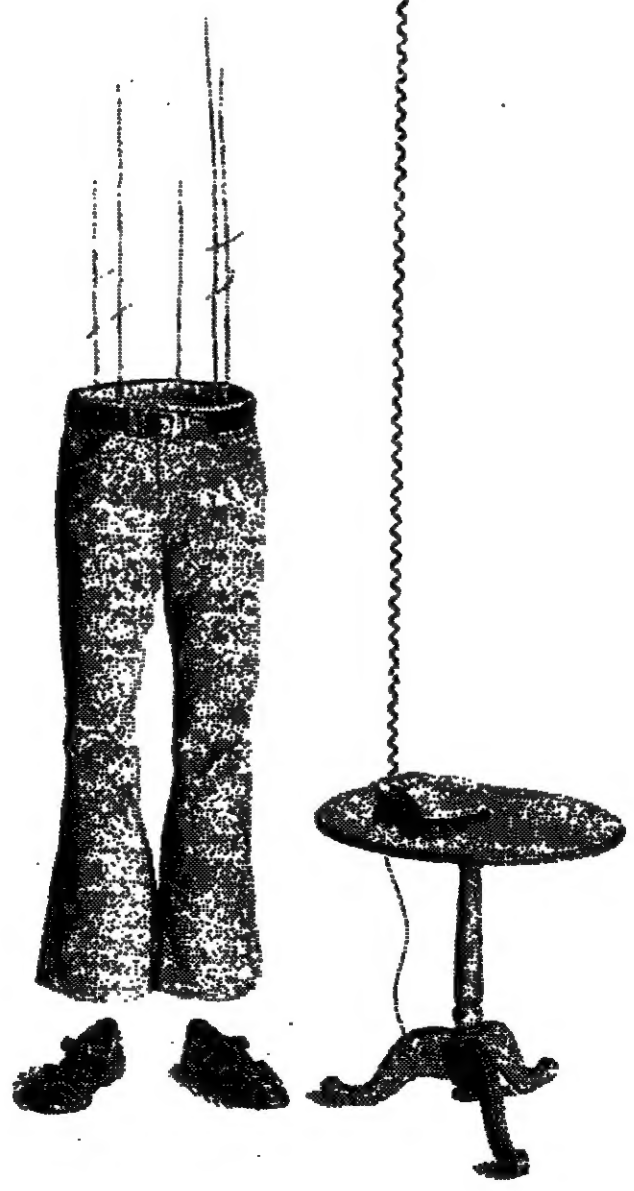
The judge said the
man had been
involved in a
scheme to defraud
the bank of
£14.7m. The
man had been
involved in a
scheme to defraud
the bank of
£14.7m. The
man had been
involved in a
scheme to defraud
the bank of
£14.7m.

e sales 12.3%

The sales of
the company
rose by 12.3%
in the first
quarter of
1993. The
company's
sales were
£1.2m in the
first quarter
of 1993, up
from £1.1m
in the first
quarter of
1992.

to close

with



Put a bounce in someone's step. Call down under for under 50p a minute.

Phone Australia or New Zealand any Saturday in March, for a special price of just under 50p for each full minute called. This offer, the third in a series of BT Specials applies all day Saturday, from midnight to midnight (UK time).



The BT Down-under Special

For more info call 0800 800 890. Applies to BT direct dialled calls made by BT customers each Sat in March, '93. Offer excludes BT public payphones, mobile phones, BT ChargeCard & some Supportline calls. Usual cost for 1 minute at std. rate 84p, cheap rate 70p. Offer gives 6 sec/per unit instead of 3.66 (std.) 4.45 (cheap). Std. rate is 700am to 2.30pm and 730pm to 12pm. Cheap rate is 12pm to 700am & 2.30pm to 730pm.

NEWS: UK

Police work to be rated in league

By John Williams,
Public Policy Editor

THE GOVERNMENT is to publish league tables comparing the performance of police forces in England and Wales, Mr Kenneth Clarke, the home secretary, said yesterday.

The tables will be based on 17 performance indicators, which will be published for the first time in December 1994. The indicators will include detection rates for different crimes, the percentage of urgent incidents responded to within target times, the speed of response to 999 calls and the number of officers available for duty.

The indicators have been devised by the Audit Commission, the public-spending watchdog, with Her Majesty's Inspectorate of Constabulary and the Association of Chief Police Officers.

Mr Clarke accepted that the scores achieved by a police force might not always reflect its actual performance. He said it would be misleading to compare crime detection rates in

rural Wales with those in greater Manchester, where many more offences took place. "I do not think, however, that the ranking of police forces in a league table showing how they compare against one another should be put off the agenda for that reason alone," he said.

"I know from my experience at the Department for Education that there is a well of untapped interest among ordinary citizens in the services they use."

The home secretary expected the publication of indicators to "excite public debate". The publication of league tables of test results for seven-year-olds had been hugely popular and became "a minor industry". Mr Tony Blair, Labour's shadow home secretary, said it was important that the public had as much information as possible. "But we should not kid ourselves that the publication of information about policing is a substitute for a proper or coherent policy to fight crime - which is woefully lacking at present," he said.

NCP denies wanting to damage rival

By John Mason,
Law Courts Correspondent

THE operation to spy on Europarks, a business rival of National Car Parks, to obtain confidential details of its finances was never intended to damage the company, the Old Bailey was told yesterday.

The objective of the operation by KAS, the private security company, was to discover whether Europarks won business using improper methods, Mr Jeremy Roberts QC, for Mr Simon Hewitt, a former KAS manager, said.

The company's trading position was never harmed, even though Mr Gordon Layton, the NCP chief executive who ordered the operation, was in a position to do this, he said.

Mr Roberts admitted that KAS had an arrogant mentality, which included thinking its staff could break the law. But Mr Hewitt took his instructions from superiors who included Sir David Stirling, the former head of the SAS.

Mr Hewitt and Mr Layton both deny conspiring to defraud Europarks. The trial continues on Monday.

THE CONSERVATIVE CENTRAL COUNCIL AT HARROGATE

Grassroots rebels defeat party reforms

By Alison Smith in Harrogate

A RARE grassroots rebellion among Tory activists succeeded yesterday in defeating plans to revamp the party organisation, after bitter wrangling in a discussion behind closed doors.

Party managers had hoped to keep the row private and under control by excluding the press from the debate on the rule changes, which critics said would make the organisation too centralised.

In four secret ballots enough

representatives rejected the advice of Sir Basil Feldman, chairman of the voluntary wing of the party, to throw out the planned changes, which needed a majority of two thirds.

After the debate, Sir Basil played down the defeat. He said he was sure many constituencies would still want to abide by the proposed code of practice and would submit annual financial returns to party headquarters, even though the rule change forcing local associations to do so had

not gone through. Representatives made it clear they wanted an annual statement of the party's accounts.

But activists stopped short of approving a motion censuring the party organisation for failing to respond to demands for greater accountability, and calling for direct elections to the new board of management set in place by Sir Norman Fowler, the party chairman.

Party managers were so worried about how that debate might go that they made a last-minute decision to hold it in

private too. The defeat for the party management does not affect the reforms at Tory central office proposed by Sir Norman. He said yesterday the new board of management would act like a company's board of directors, and take the most significant financial decisions.

The board will comprise representatives of different parts of the party, such as MPs and councillors. Sir Allen Sheppard, chairman of Grand Metropolitan, will serve as a non-executive director.

Sir Norman, responding to grassroots concern about the state of the party's finances, said spending had been cut from £12m a year to £7m a year, and promised the board of management would prevent severe over-spending in future.

"Pro-democracy" campaigners in the Tory party had warned that the party might raise more money than it needed to lead the central organisation to gain control of constituency party assets. Sir Norman denied the suggestion.

Fears on pit jobs temper optimism

By Philip Stephens,
Political Editor

MR Michael Heseltine yesterday coupled a confident prediction that the economy has reached a turning point with a stark warning that the government's review of pit closures will not prevent further heavy job losses in the coal industry.

In a generally upbeat speech to Tory party activists at Harrogate, the trade and industry secretary led a co-ordinated effort by ministers to "talk up" economic recovery.

Pointing to record levels on the stock market, rising confidence among business leaders and a surge in British productivity relative to its overseas rivals, he told the conference that new opportunities were "daily more evident".

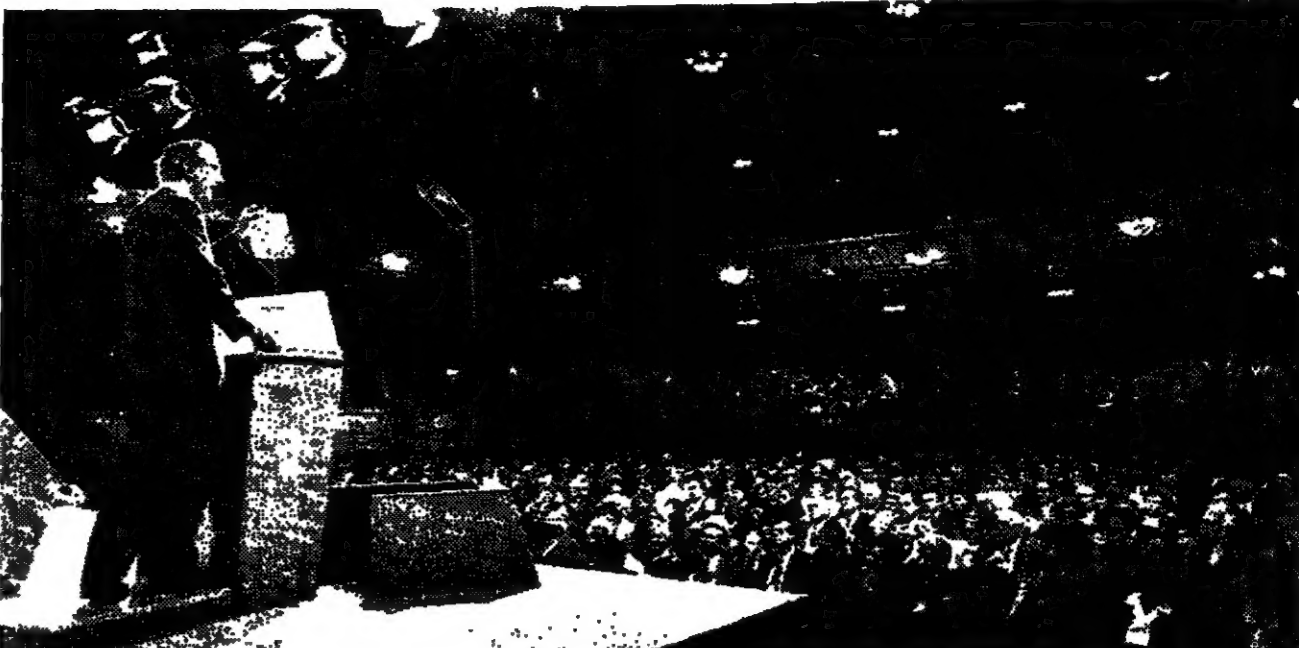
Mr Heseltine said that the government was offering positive help to manufacturing industry through increased export credits, higher capital allowances and a renewed deregulation drive.

His speech - which coincided with an assurance by Mr Douglas Hurd, the foreign secretary, that with the worst of the recession behind it Britain could now look "confidently ahead" - underlined the government's determination to try to underpin business and consumer confidence.

But Mr Heseltine's upbeat tone did not extend to the conclusions of the coal review later this month.

In a reference to his tough negotiations with the power generators he told that conference: "I cannot make people buy coal. This is a free society."

Warning of the impact of any rescue plan on the nuclear and gas industries, he added: "There are no cost-free options. A job saved in one industry can too easily be a job lost in another."



Party chairman Norman Fowler addresses the Conservative Central Council in the Royal Hall at Harrogate

One friend for Norman Lamont

By Alison Smith

MR NORMAN Lamont has at least one friend among the 800 to 900 Tory activists gathered in Harrogate.

As political gossip was traded on the fringes of the Conservative central council, a London representative vigorously asserted that the chancellor should remain in his post until 1995, and then become foreign secretary.

It was not a popular stance. "It wouldn't matter if he could walk on water now," was how

another south-east Tory summed up the mood that sees the early departure of Mr Lamont as the starting point for the expected summer reshuffle.

There was less unity about his successor. The well-travelled names of Mr Michael Portillo, Mr John MacGregor, Sir Norman Fowler and Mr Kenneth Clarke were mentioned. A lone voice even suggested that Mr Peter Lilley, social security secretary, could be chancellor.

Central council meetings tend to comprise people hardened by years of service to the

party, so it is no surprise that they routinely deny standing ovations to speeches that would get the annual party conference on its feet. Even so, the atmosphere in the Royal Hall, as ministers chorused the need to get on with ratifying Maastricht, was subdued.

The representatives are not rampantly Euro-sceptic - indeed, some of them say British businesses would suffer if the UK does not ratify - but many expressed the feeling that Maastricht is irrelevant and has distracted the govern-

ment from what really matters - economic recovery.

So while they applauded, as Tories always applaud, the call for MPs to show some loyalty to the party and those who worked so hard to get them elected, there was little sign that unless they are pushed, the grassroots are threatening to deselect persistent rebels as the party's managers have been hinting. "The Wintertons are adored in Cheshire," said one representative - albeit not from Cheshire - of two of the most incorrigible Tory MPs.

REPEAT CALL TO TENDER FOR THE HIGHEST BID for the Purchase of the Assets of "VIEX Constructions and Equipment of Industrial Facilities", of Athens, Greece.

"ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities" of 1, Skouleniou Street, Athens, Greece, in its capacity as Liquidator of "Vieux Constructions and Equipment of Industrial Facilities", a company having its registered office in Athens, Greece (the "Company"), which is presently under the status of special liquidation according to the provisions of article 46a of Law 1892/1990, announces a repeat call for tenders

for the highest bid by submission of sealed binding offers for the purchase by public auction (the "Auction") of the assets of the Company, as a single whole. This auction takes place following cancellation due to legal problems of the recent tender proceedings in respect of the Company as per the publications in the Greek press on 27th and 28th November 1992 and in the Financial Times on 28th and 30th November.

BRIEF INFORMATION: The Company was founded in 1980 and until 1991 (when it was first declared under liquidation in accordance with article 9 of Law 1386/1983) was involved in the study, construction and manufacturing of all kinds of industrial equipment and facilities, machinery, cars etc. The operation of the Company ceased in 1991. No personnel is currently employed. The Company assets include facilities built on a land of 36,019 m², in Mandra, Attica, facilities built on a land of 4,650 m² in Piraeus, and a 50% share on a land of 5,246 m² in Larissa. Assets also include machinery, mechanical equipment and trade marks. Mention is made that together with the above assets there shall be sold mechanical equipment (including cranes, etc. as described in the Offering Memorandum) at a price of two hundred fifty million (Grs 250,000,000) owned by the National Bank of Greece SA following a transfer of ownership from the Company made before the declaration of the liquidation (see also item 7 below). Interested parties are called upon to seek more detailed information in respect of such mechanical equipment from the Liquidator.

OFFERING MEMORANDUM-FURTHER INFORMATION: Interested parties may obtain an Offering Memorandum in respect of the Company and the assets thereof and any further information, upon execution of a confidentiality agreement.

TERMS AND CONDITIONS OF THE AUCTION

- The Auction shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.
- Binding Offers:** For the participation in the Auction interested parties are hereby invited to submit binding offers, not later than the 30th March, 1993 at 10.00 a.m., 11.00 a.m., to the Athens Notary Public George Stefanakos, address: 39 Academias str., Athens. Tel: +30-1-645.04.22 +30-1-360.69.69 Fax: +30-1-645.04.23. Offers should expressly state the offered price in aggregate for both the assets of the Company and the Grs 250m worth of mechanical equipment mentioned above under the title "Brief Information". Offers should also state the detailed terms of payment (in cash or in instalments, mentioning the number of instalments, the dates thereof and the proposed annual interest rate). Binding offers submitted later than the prescribed time limit, as referred to hereinabove, shall neither be accepted nor considered. The offers shall be binding until the adjudication.
- Letters of Guarantee.** Binding offers must be accompanied by letters of guarantee, for an amount of Grs eighty million (80,000,000), issued, in accordance with the draft form of letter of guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, to be valid until the adjudication. Letters of guarantee shall be returned after the adjudication. In the event of non-compliance with the provisions and other terms and conditions referred to in paragraph 1 hereof, the letters of guarantee shall be forfeited as a penalty.
- Submissions:** Binding offers together with the letters of guarantee shall be submitted in sealed envelopes. Submissions shall be made in person or through a duly authorised agent.
- Envelopes containing the binding offers shall be sealed by the above mentioned Notary Public in his office, on the 30th March 1993 at 13.00pm. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.
- As highest bidder shall be considered the participant whose offer will be judged, by the 51% of the Company's creditors (the "Creditors"), in their absolute discretion, upon suggestion of the liquidator, to be in the best interests of all of the creditors of the Company. Mention is made that for the purposes of evaluating an offer proposed to be paid in instalments, the present value thereof shall be taken into account which shall be calculated on the basis of a discount interest at an annual rate of 28% compounded quarterly or yearly.
- The liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms which may be suggested by the Creditors and agreed upon. Note also that for the purpose of the transfer of the mechanical equipment owned by the National Bank of Greece SA, the contract of sale shall be executed both by the Liquidator and the National Bank of Greece SA. Adjudication shall be deemed to take effect upon execution of the contract of sale.
- All costs and expenses of any nature in respect to the participation and the transfer of the asset offered hereby for sale shall be exclusively borne by the participants and the purchaser respectively.
- The liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel the Auction or any decision whatsoever in connection with the proceedings and the making of the Auction. The liquidator and the notary shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right for adjudication nor shall the participants acquire any right, power or claim from this invitation and/or their participation in the Auction against the liquidator and/or the Creditors for any reason whatsoever.
- This invitation has been drafted in Greek and translated into English. In any event the Greek version shall prevail. For obtaining the Offering Memorandum and for any further information please apply to the Liquidator's agent: ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities " address: 1 Skouleniou Street, 105 61 Athens, Greece tel: + 30-1- 323 14.84, Fax: +30-1-321.79.05 (attn. Mr Peter P. Dracopoulos).

Notice of Redemption

Banque Nationale de Paris

USD 300,000,000

Floating Rate Notes due 2005
(the "Notes")

Notice is hereby given that pursuant to paragraph 4b Optional Redemption of the terms and conditions of the Notes (the "Notes"), Banque Nationale de Paris has elected to exercise its right to and shall redeem on 21st April, 1993 all the outstanding Notes at the redemption price of 100% of their principal amount together with accrued interest to such date of redemption.

Payment of the redemption price will be made on and after surrender of the Notes, together with all coupons appertaining thereto maturing on or after 21st April, 1993 at the offices of:

Banque Nationale de Paris
(Head Office)
16 Boulevard des Capucines
75009 Paris
France

Banque Nationale de Paris
(Luxembourg) S.A.
24 Boulevard Royal
L-2955 Luxembourg

Banque Nationale de Paris plc
8-13 King William Street
London EC4P 4HS
England

Interest will cease to accrue on Notes on 21st April, 1993.

Banque Nationale de Paris,
Paris

Château Gruaud - Larose Extravaganza at Sotheby's Sale of Fine & Rare Wines, Spirits & Vintage Port

WEDNESDAY 17TH MARCH
AT 10.30AM & 2.30PM

An exciting opportunity to buy this great Second Growth in vintages from 1989 to 1991, in all bottle sizes. Direct from the château and at sensible prices. Plus other Claret, Burgundy and Port.

Our buyers premium remains at 10%

To order catalogues, £7 (inc UK p&p), please call (0234) 841043 quoting reference FT03WI.

Future wine sales: 21st April, 19th May & 9th June

Enquiries: Serena Sutcliffe MW, Stephen Mould or Michael Egan at our new address: SOTHEBY'S WINE DEPARTMENT

34-35 New Bond Street, London W1A 2AA
Tel: (071) 493 8080. Fax: (071) 499 7091

SOTHEBY'S
FOUNDED 1711

FT - CITY COURSE

LONDON

5 April - 24 May 1993

Arranged by the
FINANCIAL TIMES
and
CITY UNIVERSITY
BUSINESS SCHOOL

The FT - City Course is held at the Museum of London one afternoon a week for eight weeks. It is designed to give a broader understanding of how the major financial institutions of the City of London operate and the factors that make it a pre-eminent financial and trading centre.

The following organisations are amongst those giving presentations:

3i (INVESTORS IN INDUSTRY)
AMERICAN EXPRESS BANK LTD
ASSOCIATION OF BRITISH INSURERS
BANK OF ENGLAND
BARCLAYS DE ZOTTE WEDD
BUILDING SOCIETIES ASSOCIATION
CANADIAN IMPERIAL BANK OF COMMERCE
DAIWA EUROPE LIMITED
DEUTSCHE BANK AG LONDON
GUILDHALL LIMITED
GW ASSOCIATES
LEGAL & GENERAL INVESTMENTS
LIFFE
MIDLAND BANK PLC
NATIONAL WESTMINSTER BANK
QUILTER GOODISON COMPANY LIMITED
RICHARDS BUTLER
SFA
SG WARBURG SECURITIES

For further details, please return this advertisement, with your business card to: The Financial Times Conference Organisation, 102 - 108 Clerkenwell Road, London EC1M 5SA. Tel: 071-814 9770 Fax: 071-873 3969 or 071-873 3975 Telex: 27347 FTCONF G.

BA and Virgin continue brinkmanship

By Paul Betts and Michael Cassell

THE BRINKMANSHIP between British Airways and Virgin Atlantic will continue this weekend beyond the "final" deadline set earlier this week by Mr Richard Branson, the Virgin chairman.

Only hours before Mr Branson's deadline expired, BA presented a fresh set of counter-proposals centred on its demands that Virgin be banned from ever again exploiting the affair and a plan by BA to destroy court documents referring to its campaign to undermine its competitor.

In spite of Mr Branson's warning that he would consider further legal action against BA unless an agreement to end their "dirty tricks" dispute was reached yesterday, the two airlines have decided to make a last attempt to seek a peace deal.

Given the sensitivity of the position, neither side last night was prepared to shed light on the latest twists in the month-long negotiations. With both sides within sight of agreement, however, another obstacle emerged last night as lawyers began another round of talks.

Virgin is understood to have agreed to return to BA court docu-

ments, used during its January libel hearing and detailing the UK flag carrier's covert operations. But Virgin is insisting the records are held by lawyers until normal relationships between the two airlines are resumed. Mr Branson is concerned that the documents should be available for use if the airline finds itself embroiled in any future legal action arising from the "dirty tricks" affair.

Although Mr Branson is understood to have originally asked for about £13m to cover commercial damages and to settle a long-running aircraft maintenance dispute, he is ready to accept BA's cash

offer of £9m. But he has rejected signing a confidentiality clause demanded by BA as an unreasonable attempt to gag him.

He has also insisted on BA signing a pledge never to indulge again in anti-competitive behaviour.

Both sides still appear anxious to resolve the time-consuming and costly dispute. In spite of the continuing tensions, they remain hopeful they can finally resolve their differences by early next week.

During four weeks of often acrimonious and sometimes sterile negotiations the two airlines have found grounds for compromise on several

issues. These include agreement on the use of airline computerised passenger reservation information, and a code precluding any further poaching of customers.

BA is conducting an internal investigation into allegations that its California-based operations have continued attempts to persuade Virgin passengers to switch airlines.

Mr Branson, who is flying to the US tomorrow for three days, is involved in complex talks with aircraft manufacturers to acquire new, widebody jets to renew and expand his fleet.

Like BA's new management team,

he regards the talks as a damaging distraction from the business of running an airline in difficult market conditions.

However, sources close to both sides acknowledged last night that the principal issue keeping them apart and threatening to bring the talks down remains the problem of securing an agreement on confidentiality.

In spite of a series of false deadlines both sides accept that failure to agree by early next week could lead to a breakdown of talks which, in turn, might open up prolonged legal action in Europe and the US.

Unions call for Birt to resign

By Raymond Snoddy

BBC UNIONS yesterday called for the resignation of Mr John Birt, the BBC director-general, and Mr Marmaduke Hussey, chairman of the corporation.

The unions' demands were made at a meeting with BBC management yesterday and followed the revelation that from 1987 until this week Mr Birt had been paid as a freelance consultant through his private company, John Birt Productions.

At the meeting with Mrs Margaret Salmon, the BBC's director of personnel, Mr Roger Bolton, the chief negotiator of Bectu, the broadcasting union, said staff had been outraged by the damage caused to the corporation's reputation by the revelation.

"The corporation has lost the moral authority it needs to report on news and current affairs and deserves no respect from either press or politicians," Mr Bolton said.

The representatives from Bectu, the National Union and Journalists and the AEEU electricians' union also asked the BBC to confirm that the corporation provides Mr Birt with two cars, one chauffeur-driven and another for private use, and that it also reimburses costs incurred while attending public functions.

The unions said that Mrs Salmon had replied that she needed time to consider the question.

The BBC had no comment to make on the views of the unions last night.

Writ on Natwest chairman struck out

THE High Court yesterday "struck out" a writ issued by Mr George Mainz, a businessman, against Lord Alexander, chairman of National Westminster Bank.

Mr Mainz, a frozen foods manufacturer, claimed Lord Alexander "became party to a bank conspiracy" and partook in his defamation. He claimed the bank lost him £2m and cost him his business by transferring money from it to his personal accounts without permission.

He said he had never received an explanation.

But after an hour-long private hearing, High Court official Master Hodgson ruled the writ showed no reasonable cause of action and was "scandalous, frivolous or vexatious". The bank has denied Mr Mainz's allegations, which go back to 1986. Lord Alexander was not present at the hearing.

Early retirement pensions at Mirror

TRUSTEES of the Mirror Group Pension Fund yesterday announced the reintroduction of early retirement arrangements for both active and deferred pensioners. These were suspended following the discovery of more than £440m missing from the pension schemes of companies controlled by the late Robert Maxwell.

The arrangements will be available from the age of 56 to people who have completed 25 years service. Those aged at least 60 will be allowed to commute part of the pension for a lump sum.

Deferred pensioners who had at least 25 years service before they left the company will have similar arrangements available to them.

Sullivan buys into soccer club

MR DAVID SULLIVAN, publisher of the Sunday Sport newspaper, is diversifying into football. He and Ms Karen Brady, the publishing company's marketing director, are heading a company called Roldvale which is buying 54 per cent of Birmingham City Football Club for an undisclosed sum.

The club went into receivership when the previous majority shareholders, the Kumar brothers, involved in Manchester textiles, became bankrupt.

New leader for Ulster party

DR Philip McGarry, a consultant psychiatrist, is to be the chairman of Ulster's non-sectarian Alliance Party. His appointment follows the resignation of Mr Eddie Morrow who said he was disillusioned with the province's tribal politics.

Mr Morrow, 63, a farmer from Castlereagh, Belfast, was a founder member of the pro-Union party set up in 1970 with a Protestant and Catholic membership.

Bull Ring redevelopment clears regulatory barrier

By Paul Cheeseright, Midlands Correspondent

THE last significant regulatory barrier to the redevelopment of the Bull Ring, the most conspicuous and inhospitable example of Birmingham's 1980s city centre building programme, fell yesterday.

Mr Michael Howard, environment secretary, gave authority for compulsory land purchases to make possible the assembly of a 26-acre site to create a shopping and business complex. The Rotunda office tower,

Dismay greets proposed complex for Manchester

By Chris Tighe and Neil Buckley

NEWS of the Dimplington decision - a £200m proposal for one of the UK's largest out-of-town shopping centres - was greeted with dismay by local authorities, developers and retailers who fear it will further increase already fierce competition, to the detriment of the many shopping centres in the greater Manchester area.

A consortium of eight of greater Manchester's 10 metropolitan district councils and five large property developers, which opposed the Dimplington proposal, is considering whether to mount a High Court challenge, its spokesman Mr David Kaiserman said yesterday.

Mr Kaiserman, senior assistant city planning officer for Manchester City Council, said: "We see development of this type making it even more difficult

to achieve regeneration in the inner parts of the city. A large peripheral development appealing only to people who have cars is not doing anything at all in our view in net terms for urban regeneration."

Mr David Brown, president of the Manchester Chamber of Trade and manager of the city's Arndale Centre, said: "Something like this will have an effect on all levels of trade in the city of Manchester and other surrounding towns and will inevitably lead to job losses in the city centre. It will affect the big multiples and the small guys."

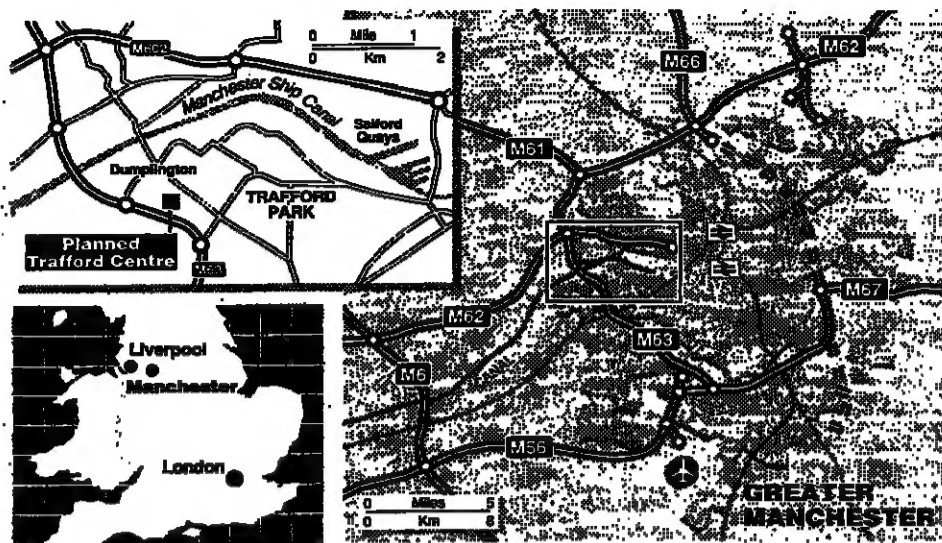
Mr Brown said there was already a "massive choice" of retail outlets in Manchester and the 10 large towns in an outlying 10-mile radius. "There isn't really a need for another major shopping complex of this size," he said. The free car parking likely to be part of Dimplington

was of particular concern. The consortium for which Mr Kaiserman speaks includes P&O, owners of Manchester's Arndale Centre, MEPC, Land Securities, Norwich Union and Shudehill, a company formed by the Co-operative Insurance Society and the Co-operative Wholesale Society.

Shudehill has planning permission from Manchester City Council for a 500,000 sq ft retail development on a rundown site it largely owns beside the Arndale Centre. Mr Kaiserman said Shudehill had indicated it would have to reconsider its plan in view of the Dimplington decision.

Boots, the chemists chain, said it was opposed to the Dimplington development because of concerns about how it would affect city-centre shopping.

Mr Roger Tym, a development economist representing Boots, said several other retail-



ers and developers were also opposed to the centre: "In short, it's not over yet."

He said there was evidence that similar out-of-town developments such as Lakeside, Meadowhall and Merry Hill had damaged city-centre trade.

"At Lakeside, one major national retailer has found that 95 per cent of its new store trade had come from other

stores within a fairly tight circumference of that development," he said.

Dixons, the electrical retailer, and Marks and Spencer, the food and clothing retailer, said yesterday they would probably examine the development, although both have several large stores in the Manchester area.

However, Trafford Metropolitan borough council, in whose area Dimplington lies, welcomed the decision by Mr Michael Howard, environment secretary.

Mr Michael Crawley, senior assistant director for planning, said it would contribute to regeneration at Trafford Park and complement rather than adversely affect other centres.

The laptop guide to software.



Everyone in business should read the Software At Work Survey, published Thursday March 11. It's a user-friendly, 24 page guide to state-of-the-art software and its applications to business.

The Software At Work Survey. Free with next Thursday's FT.

FT. Because business is never black and white.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Saturday March 6 1993

Mr Lamont's mountain

OPTIMISM HAS been back in fashion this week, certainly in the stock market, where the indices have been hitting new highs in London and - almost - New York. Investors, it seems, are becoming less inhibited by the patchy evidence of underlying economic improvement. In the UK, new houses have started to sell faster and the car market is coming off the bottom. Against that, the astonishing news that workers for Sheffield City Council have voted to accept a 3.25 per cent pay cut is evidence of the weakness of the labour market as well as the growing realism of workers. Even in the US, where the recovery is much better founded, some of the data is looking less lousy.

The underlying explanation for stock market buoyancy is not to be found in the real economy but in the remarkable surge in bond markets around the world. Yields on dollar and D-Mark bonds have dropped by half a percentage point over the past month. Little has been happening to short-term interest rates so far - although the Bundesbank is sending out ever-clearer smoke signals that a cut in its officially posted rates is imminent - but long-term rates have been tumbling.

Gilt-edged yields have fallen a little less rapidly than those in many other government bond markets, yet even so their showing represents an unexpected bonus for Mr Norman Lamont as he finalises his Budget. Last autumn, when gilt-edged yields reached 8 1/2 per cent, the fear was that the 1994 fiscal deficit might look intimidating. Today the market is eagerly lapping up gilts on yields of well under 8 1/2 per cent. The pressure is off, and in this mood the markets might scale a borrowing Everest. But the chancellor would be unwise to take his good fortune for granted.

Sterling, too, has bounced off the bottom. From a low of around DM2.33 last week it has flipped back up to DM2.41, partly on a Bank of England declaration that the UK would not follow D-Mark rates downwards.

Continental alarm

Concern in continental Europe about the recession now setting in has turned to something closer to alarm. Grim figures from Philips on Thursday confirmed the structural inadequacy of much of European manufacturing industry, which has been made worse by currency overvaluation.

In the past the Bundesbank has been prepared to cut interest rates very sharply when the German economy has turned weak. Once it is confident it has broken the back of inflation, there is scope for short-term rates to come down a long way. For the financial mar-

kets that implies a weakening of the D-Mark and the other ERM currencies, and suddenly British assets are beginning to look more interesting as the conviction becomes more widespread that sterling may have turned.

The UK is some way ahead of the Continent in the cycle of recession, so that although the past few days have seen Barclays Bank writing off an unprecedented £2.5bn in bad debts, at the same time share prices in general have been advancing to new peaks. The cautious money may now try to tap into the upsurge in UK financial assets, but bolder spirits may try to anticipate the eventual turnaround in Germany and France.

UK implications

For the UK, the continental recession has conflicting implications. The release of financial resources across Europe will bring down interest rates and exchange rates, reducing some of the Bank of England's fears about imported inflation. Surplus capital flows will make it easier for the British government to attract foreign finance for its deficit. On the other hand, the prospects for exports are obviously damaged, despite the gains in competitiveness that have been brought about by the escape from the ERM.

Whatever the financial green shoots, employment prospects have become scarcely less grim. Social strains are growing. And this week has brought a rare dispute at Ford, as the company seeks to exploit its greater bargaining power in a rapidly weakening labour market. A symbolic statement of the dramatic shifts taking place in the global economy has come with reports that the Ravenscraig steel plant so controversially closed down is likely to be shipped to Malaysia and reassembled by an Indonesian company.

So although the London stock market is making new highs the momentum is not great, with the FT-SE 100 index up less than 3 per cent since the beginning of January. In the UK bonds are outperforming equities so far in 1993, as they have in most other countries for the past two years.

The markets are in long-unexplored territory here, because gilt-edged yields are lower than for 20 years. The evidence from the US, however, is that the buoyancy of the bond market can survive even a reasonable economic upturn, although the US bond market has at least had the benefit of promises (though not the fact) of greater fiscal virtue. For gilt-edged the global bull market in bonds has brought unexpected stimulus, but Mr Lamont will still have to do his stuff.

Rarely has it been so uncomfortable, in business, to be small. That much is clear from the huge provisions announced over the past fortnight by the British clearing banks against their lending to small companies. While British Gas was able to raise £400m in the bond markets this week at the drop of a hat, small borrowers lucky enough to have survived thus far in the recession have been warned, in a recent speech by Midland Bank's chief executive Mr Brian Pearce, that they are a poor commercial proposition for the banks. Given that small firms play a disproportionate part in job creation, bankers' restraint in the sector could point to a joyless economic recovery.

In the UK, small firms are suffering a far worse fate than in the recession of the early 1980s. Then, the squeeze was transmitted through an overvalued exchange rate, so that the recession was largely confined to the tradable goods sector of the economy. Today, in contrast, the damage has been done by high interest rates, as well as by the exchange rate, with the result that purely domestic businesses in the service sector have been savaged as well.

Now that rates have fallen and sterling has come out of the European exchange rate mechanism, many small businessmen complain that they are being squeezed in other ways, as the banks increase charges for each and every service. In an emotive debate, marked by claim and counter-claim, banks like the Royal Bank of Scotland have not helped their case by offering bonus schemes for employees who find ways of burdening clients with new fees. But the more fundamental question is whether a credit crunch in small business poses a wider threat to the economy.

A credit crunch is a controversial concept. Bankers are usually reluctant to admit that they are turning down creditworthy customers. They are prone to ask: how can credit be scarce if interest rates are falling? That rhetorical question does not, of course, preclude the possibility of a crunch in individual sectors of the economy; and there is plenty of anecdotal evidence that in the over-indebted economies of the US, Britain and Japan there has been a real constraint on lending to property and small business.

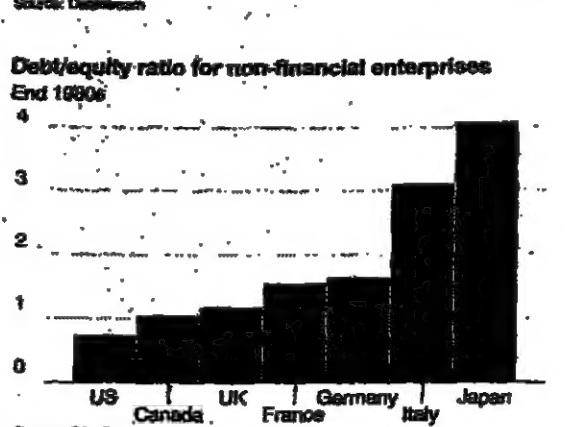
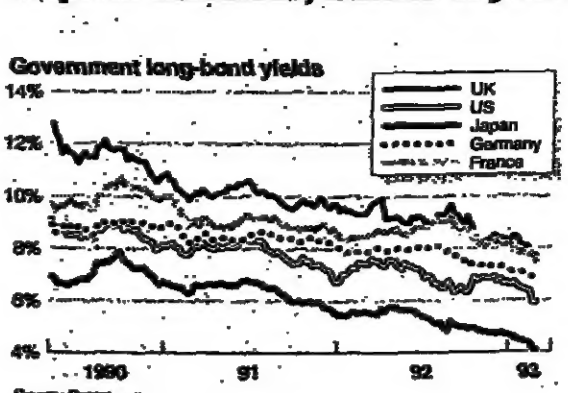
It should, nonetheless, be common ground that bankers are nervous about the pricing of their loans both to property and small business in relation to the perceived risks. They also feel an urgent need to rebuild their capital after the huge losses they have incurred in these areas. That need is made more pressing by the new capital requirements of the Bank for International Settlements - the introduction of which could hardly have been worse timed for recovery. Similarly, it is beyond dispute that the response of both consumers and businessmen to an overhang of debt is one of extreme caution before borrowing further. The result is that corporate finance has become polarised as never before between big and small companies.

The cost of capital is now falling sharply across the developed world as bond prices soar, causing yields to fall (see chart). The equity markets are following suit; and in the English-speaking economies, big companies are enthusiastically raising fresh equity and debt. Since they are often more creditworthy than their bankers, it also pays them to issue short-term IOUs directly in the markets instead of

A lack of capital for small businesses in the UK could lead to a joyless economic recovery, says John Plender

Caught in a double bind

Capital markets, banks & jobs

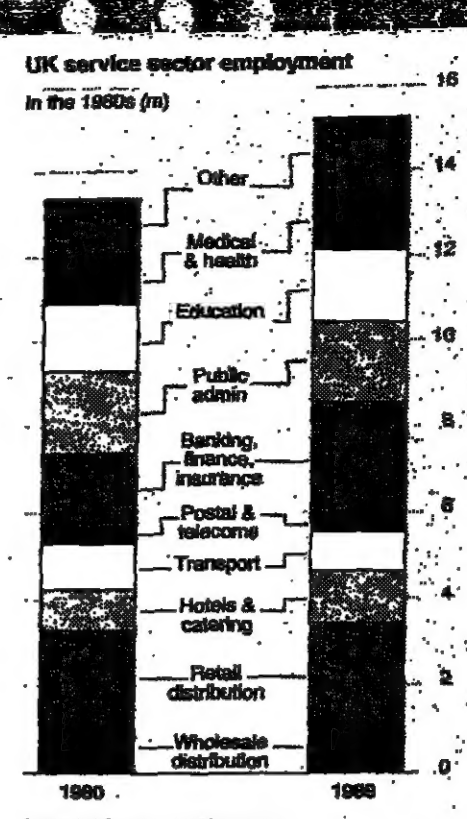


borrowing from banks. In contrast, small businesses, which are excluded from the capital markets, are caught in a double bind. Not only are the banks disenchanted with them, the property collateral that underpins so much small firm borrowing is shrinking because property is the other big source of banker's disenchantment.

The message in this for the UK is that a credit crunch will not be a constraint on any export-led recovery, since it is the larger manufacturing companies that spearhead the export effort. But there will certainly be a problem for job creation, because higher productivity in manufacturing means that jobs are less easily generated there than in services. Normally, the higher disposable incomes generated by productivity improvement would benefit the service economy. But if the banks have pulled in their horns, the benefit will be less than it should be.

In one sense, this is simply a new version of an old British problem. When the Bolton committee produced its report on small firms in 1971, it found that the small business sector in Britain was in a deeper decline than in any other industrialised country. Things appeared to improve in the 1980s when there was a sharp upturn in small business formation and much talk of an entrepreneurial culture. And indeed, between 1980 and late

UK service sector employment



1992 the service sector, which includes most small businesses, was the exclusive generator of new employment in the economy, producing more than 1.5m net new jobs. During that time small business increased its share of all employment from 59.6 per cent to 71.6 per cent, while manufacturing declined from 30.3 per cent to 21.2 per cent. Within that shift, Whitehall estimates that small business created around 1m jobs in the second half of the 1980s. Yet on closer examination, the striking thing about the figures is that the service industries that generated the biggest job growth were not ones in which small business was obviously predominant.

Banking, finance and insurance produced the largest number of jobs (see chart) at 1.1m, which was much to the sharp growth in tradeable financial services in large institutions in the City of London. Healthcare, chiefly the National Health Service, was the next biggest identifiable sub-sector, accounting for jobs growth of a further 500,000. Only in the next fastest-growing sector - hotels and catering - which added 390,000 jobs, did the small business sector make a significant contribution through family-owned hotels and restaurants.

This looks paltry when compared with the US, even allowing for the fact that the US economy is six or seven times bigger at today's exchange rates. There, new start-ups alone created 12m jobs in the 1980s and the service sector produced 20m jobs overall. In continental Europe, small business has long been more vibrant than in the UK. The Mittelstand, Germany's small to medium-sized business sector, is the backbone of its tradeable goods sector. Private Italian family business is a principal component in Italy's export success. It seems probable that in Britain in the 1990s the banking constraint is squeezing a sector that remains weak by the standards of the rest of the developed world. What can be done to mitigate the damage?

The obvious immediate remedy is to follow the US precedent, whereby the Federal Reserve has helped restore the profitability of the banking system by encouraging banks to expand their holdings of government bonds. If the yield curve is reasonably steep, with a large gap between short-term money market rates and longer-term bond rates, banks can borrow cheaply and invest profitably in Treasury paper at a higher rate. This has already put much of the US banking system back on its feet and helped restore bank capital.

The trouble with this approach in Britain is that the yield curve is not as steep as the banks might wish

and the risks are higher. The US banks are borrowing short and lending to the government a little longer. This, in banker's argot, constitutes maturity transformation: the mismatching of assets and liabilities. If short-term interest rates rise unexpectedly, the banks would incur losses.

The risk has not been great in the US because the Fed clearly indicated that the enhancement of bank profits was an implicit goal of its monetary policy. But in Britain the Bank of England, unlike its US counterpart, regards the government's own debt as carrying an element of risk for the purposes of calculating bank capital ratios. And not without justice, particularly today, when monetary policy is in such a muddle. Conflicting signals emerge from Number 10 Downing Street, the Treasury and the Bank of England, and the markets show the utmost scepticism about all official pronouncements.

As yet the banks and building societies still hold only 5 per cent of the outstanding stock in the gilts market. While the figure seems likely to rise, it will probably take significantly lower short-term rates to make the yield curve look more tempting to the banks. Even then, it seems unlikely that British bank holdings of government paper will approach US levels because the risks are simply too high. It follows that other approaches will need to be explored.

Mr Pearce of Midland Bank has put forward a thoughtful agenda, which includes proposals for reducing small companies' overdependence on short-term debt and encouraging the provision of more equity capital to small business. It is hard to quarrel with either point. As the chart shows, the financial problem for British businesses is not that balance sheets are overburdened with debt. British companies borrow less than most - although the government's loan guarantee scheme has encouraged smaller businesses to overborrow. The trouble is that, whenever a promising generation of businesses emerges, an exaggerated boom-bust cycle always wipes out the potential equivalent of Germany's Mittelstand.

All history suggests that the only sensible way to make financial plans for a small business in Britain is to assume that, when Mr Major next reshuffles his cabinet, he will find a worthy successor to Mandelson, Barber and Lawson to embark on yet another dash for growth, and that the next grudging change of monetary gear will take place in the second half of the 1990s. Against such a background, overdraft finance leaves businesses too vulnerable to panicky bankers. Hence the case for longer-term financing. Equity, meantime, provides a cushion against monetary volatility.

The snag is that small business entrepreneurs are notoriously reluctant to permit outside interference in their business and equally unhappy to cede any degree of control over the equity capital. So it will take a big change in small business attitudes, as well as a change in financing habits, to deal with this Achilles' heel of the British economy. A stable monetary environment would be infinitely preferable to a panoply of government loan schemes, fiscal incentives for equity investment and the rest. But Britain's remaining small businesses will doubtless feel, by now, that such stability is too much to hope for.

MAN IN THE NEWS: Antonio Di Pietro

Long arm of the computer

In Italy, the country that nurtured Machiavelli, nothing is taken at face value. A conspiracy theory is always the preferred explanation.

Sooner or later, the corruption scandals now enveloping Italy's political and business elite were likely to be seen in a conspiratorial context. The most fanciful theory is that a CIA plot to undermine the European Community's efforts to forge closer ties has started in Italy, the weakest of its 12 member states.

This week Mr Bettino Craxi, the former Socialist leader who wants to prevent parliament from waiving his immunity to face corruption charges, came up with his own theory. He claimed that magistrates in Milan were investigating him as part of a co-ordinated plan to decapitate his party's influence. He insisted one set of magistrates, headed by his main accuser, Mr Antonio Di Pietro, was part of a Catholic reform group with links to the grand master of Italian manipulation, Giulio Andreotti, the Christian Democrat who served as premier seven times. Another set, Mr Craxi claimed, was linked to sympathisers in the former Communist party, now the party of the Democratic Left (PDS).

Mr Craxi, with some justification, may feel he is being made the principal scapegoat for a profoundly corrupt politico-economic system. But it is self-seeking to regard the Milan magistrates, and Mr Di Pietro in particular, as conspirators. The circumstances of the investigation and the credentials of magistrates such as Mr Di Pietro suggest the widening corruption scandal is not the result of a conspiracy - international or otherwise - but rather the product of good police work, new investigative methods, the fall-



Antonio Di Pietro

were brought before the courts. Only 11 were acquitted.

This gave Di Pietro a taste of how the computer could revolutionise investigative work. His computer expertise subsequently led him to be called in to solve a case of hacking at Milan University. But according to a colleague, the case also gave him insight into how corruption was working at all levels of Milan society. "If it happened with driving licences, surely it was happening with everything else."

The computer programme for breaking the driving licence case was code-named Perseus, after the mythical hero who cut off the Medusa's head. But Di Pietro discovered how corruption had spread when, in 1988, he investigated a bribery scandal in the purchasing department of a Milan municipal transport company, ATM. This involved the payment of up to 5 per cent commission on orders, the sums being agreed between transport officials - whose jobs were

owed to the main political parties - and the suppliers. The accused were brought to trial in 1991.

By this time, Di Pietro and fellow magistrates had acquired a formidable computerised dossier of suspect officials, politicians and contractors. Early last year, when a small contractor complained to the police that he was being asked to pay a 10 per cent bribe on a cleaning contract by Mr Mario Chiesa, the Socialist head of an old people's home, a trap was set. Chiesa was already on the files, as were some of his associates.

Since then, the investigation has snowballed, largely on the strength of computer-based information. Some of the main leads have come by breaking the codes in floppy discs confiscated from arrested politicians, officials and businessmen. This vast accumulation of data has also had an intimidating effect; it has persuaded many of those under investigation to co-operate.

Mr Di Pietro has also proved a "good cop" in the traditional sense, cleverly assessing the psychology of those accused. "He's a magistrate I would wish no one to find himself in front of," says Mr Mongini, who confessed after being interrogated by the magistrate.

Indeed, an important feature of the recent scandals is the number of people who have admitted their involvement. As the magistrates do not hesitate to resort to preventive detention in prison to make people talk, more and more are coming forward to cut bargains with the law - especially businessmen who have paid the bribes.

Thus the magistrates have been able to break the *omertà* - the law of silence - which businessmen and politicians have observed in postwar Italy while operating a system of bribes and corruption which everyone tolerated. But Di Pietro and his fellow magistrates only bring cases to the courts. The growing political debate over possible pardons for the offenders is out of their hands.

Robert Graham

FINANCIAL TIMES MAGAZINES

Subscribe to the Investors Chronicle today and receive a FREE book on the basics of investment

— plus four free issues of the magazine —

"Highly recommended... informative, comprehensive and readable."
Lord Hanning
Chairman Hanson Plc

"A clear, jargon-free guide to every aspect of investment in the City."
The Independent

"The best guide for the total novice."
Financial Times

What is it that makes the *Investors Chronicle* Beginners' Guide to Investment so special? A must for all investors, *Beginners' Guide* is packed with vital information on the markets. The *Financial Times* review called it "the best guide for the total novice, but added that 'More experienced investors might still benefit'."

Investors Chronicle Beginners' Guide to Investment is split into three sections covering the main aspects of finance and investment. Part One, CITY MARKETS, What does the City do and how do the different markets work? Part Two, HOW TO INVEST, What are the individual investor's choices and how do you decide what's right for YOU? Part Three, INDIVIDUAL COMPANIES, The nitty-gritty of investing in shares. How to tell the winners from losers. Finally the book rounds off with valuable appendices on tax, investors' rights and choosing a stockbroker, plus comprehensive tables.

The book is the perfect introduction to a subscription to *Investors Chronicle*. Getting in ahead of the pack is the key to successful investment, so professionals know, but private investors have to be very canny to manage this. *Investors Chronicle* is published by the *Financial Times*. So you can be confident that by reading *Investors Chronicle* each week you will be amongst the first to spot profitable market trends. Don't delay, fill in the order form below and qualify for your FREE COPY of *Investors Chronicle* Beginners' Guide to Investment PLUS 4 free issues of *Investors Chronicle*, the essential weekly magazine published by the *Financial Times*.

INVEST IN THE CHRONICLE SPECIAL OFFER SUBSCRIPTION FORM

Please return to:
F.T. Magazines,
Subscriptions Department,
1st Floor, Central House,
27 Park Street, FREEPOST
Croydon CR9 9ER England.

Please send me as follows:
☐ 12 UK (inc. N. Ireland)
☐ 12 Europe (letter rate) R. of Ireland
or (non-paying readers)
☐ £111 Rest of World
I enclose a cheque payable to
F.T. Magazines Enterprises Ltd.
☐ Please invoice my company
☐ I wish to pay by credit card
☐ Please debit my account
☐ Visa ☐ Access ☐ Amex ☐ Diners
Card No. _____
Exp. date _____
Signature _____
Date _____

Block capitals please
Name/Address _____
Job Title _____
Company/Trade Address _____
Country _____
Nature of Business _____
Postcode _____

As a result of responding to this advertisement, your name will be added to a mailing list. This may be used to keep you informed of other FT products and may also be used by other parties to send you other offers in the future. If you prefer not to be added to this list, please tick the box below. (Please photocopy this form and return to the address below.)

INVESTORS CHRONICLE is a trademark of the Financial Times Group.

America searches for the right thing to do

President Clinton is proceeding with caution until a solution to the conflict in Bosnia becomes clearer, writes Jurek Martin

There is a serious public debate in America over what course the new Clinton administration should take towards the war in Bosnia. It has been heightened this week by the first US air-drops of relief supplies into eastern Bosnia, by more vicious Serbian assaults, by the resumption of peace negotiations at the UN, and even by the suspicion, exacerbated by some typically offensive remarks by Radovan Karadzic, the Bosnian Serb leader, that the bombing of New York's World Trade Center last week might have its roots in the Balkans.

But it is a debate with more opinions than solutions, as President Bill Clinton, no longer a candidate inclined to argue in favour of intervention on the Muslim side, is finding out. This week alone has seen a catholic range of public commentary.

"The main problem with my idea of limited western intervention to create a fair fight in Bosnia is that I can't sell it to anyone in power," wrote, despairingly, Les Gelb, the New York Times's foreign affairs columnist. Even if President Clinton bought his arguments to bomb the Serbs and arm the Muslims, he added, "he would have a very tough time getting western Europe, Russia or the UN to go along".

In the Washington Post, Henry Kissinger, no less, took a more positive view, though with several caveats about retaining the option to use force. The former secretary of state wrote that "as a way to devise an honourable diplomatic role for the US... the Clinton administration's position on the Bosnia negotiations is extremely skilful and deserves support".

An editorial in the Los Angeles Times neither wept nor thundered. "The time has come to accept the fact that Serb aggression in Bosnia will not be stopped any time soon", the newspaper observed with resignation.

With intimate knowledge of Bosnia had their say in breakfast briefings. Fred Cuny, the hard-nosed consultant on humanitarian issues who was influential in per-

suading the Bush administration to intervene in Somalia, reported that the objective circumstances for a settlement in Bosnia still did not exist because all the warring parties "unrealistically think they can still win". He would not arm the Muslims, because it would only make the violence worse, but would compel the Bosnian Serbs to stop shelling Sarajevo.

General Brent Scowcroft, President Bush's national security adviser and old Yugoslavia hand, was sniffling about greater US engagement unless the conflict widened. He would tighten the economic screws on Serbia by helping Romania sustain the Danube river traffic embargo. In the Gulf, he argued, US vital interests were clearly seen and militarily achievable. In Bosnia, no way out for the US ever presented itself while he was involved in policy. He thought that President Clinton was coming round to the same conclusion.

This proliferation of different advice attests to the lack of any groundswell of opinion behind a particular course of action comparable to that before the Somali and Kurdish interventions. This week, national attention has been diverted by the violent siege of a heavily armed religious sect in Texas. There has been some vivid reporting from Bosnia, especially by John Burns of the New York Times, but the words and pictures have not always commanded the top of the news.

To a degree the diffusion of argument has helped the administration, which has been given some time to devise its own policies and to concentrate on its first order of business, the selling of the president's economic programme. But, reflecting Mr Clinton's own compulsion to explain everything, it has, unlike its predecessor, not been reticent in talking about its aims.

When Warren Christopher, the secretary of state, announced the new US diplomatic and humanitarian approach to Bosnia three weeks ago, he did so after a long preamble covering past mistakes, moral issues, and a very definite assertion of a US strategic vital interest - not because of the importance of Bosnia itself but because it was a part of Europe, and European security was essential to the US.

Last week, Ms Jeannette Walker, of the national security council, went further in defining the US commitment to



European security. She talked of the imperative of engaging Russia as an active military partner not only in the Balkans but elsewhere in continental conflict resolution alongside US troops and in various combinations involving Nato, the Western European Union, the Conference on Security and Co-operation in Europe, and the United Nations.

But the hypothetical generalities of a new European security order do not specifically address the difficulties of coming up with a workable and particular Bosnian plan. The air-drops are, the administration concedes, only a supplement to ground convoy relief, though symbolically important because they demonstrate the US willingness to get involved.

The New York negotiations are trickier. While assigning Reginald Bartholomew, the veteran diplomat, to participate in the Vance-Owen peace process, the administration is publicly sceptical about the Bosnian "map" drawn up by the UN and EC negotiators. Mr Christopher bluntly said that it needed simplifying.

The moral reservations - that Serbian aggression and ethnic cleansing are being rewarded - are much less than the practical considerations of the extent of the US role in monitoring a peace agreement covering 10 semi-autonomous provinces with disputed borders. Aware of the beckoning quagmire, Mr Christopher insisted that the US contribution to peacekeeping operations might place greater emphasis on air power and not require as many as 15,000 ground troops.

But that number is still the

Sheffield makes a sacrifice

Ian Hamilton Fazey explains why city council workers voted to take a pay cut

There is an air of pride in Sheffield this week, where nearly 20,000 council workers have voted to take a 3.5 per cent pay cut in exchange for an hour off the working week or seven days' extra holiday, so as to avert 1,400 sackings.

"It's very, very positive," said Don Lyon, chief executive of H Turner & Son, one of Britain's few remaining locally owned wholesale newspaper distributors and former president of Sheffield Chamber of Commerce.

"They have behaved in an inspiring way," said Hugh Sykes, chairman of the government-funded Sheffield Development Corporation and a former Master Cutler - the title given to the yearly presidency of the Cutlers' Company, the ancient association of Sheffield manufacturers.

With a government-imposed spending limit of £366m, Sheffield has been struggling to set a legal budget for 1993-94. The city council warned at Christmas that about 1,400 sackings might be needed to save on the wages bill. Nationally, about 90,000 local government jobs will probably be axed over the next year.

The dilemma for the council was no different from that facing many others in England and Wales. The government is determined to keep council spending down so that the new council tax - the replacement for the poll tax - can be held as low as possible.

Rather than cut staff to keep within government spending limits, Sheffield decided to take another route. The council and the unions negotiated the pay-cut solution so that more workers would not be added to the city's unemployment rate of about 14 per cent.

Much of the credit is being given to Mike Bower, who became leader of the Labour-controlled council last April. Since 1980, he has organised the Co-operative Development Agency in Sheffield, which promotes the formation of workers' co-operatives. Before that he worked as a full-time official of the National Union of Journalists after a career on the Sheffield Star, the city's evening paper.

According to his colleagues, he is a skilled negotiator who rejects confrontation. He has helped set up 42 workers' co-operatives with about 300 employees in the past 12 years.

Despite Mr Bower's skills, the talks were not wholly successful. Shop stewards for nearly 3,000 manual workers in the works department launched a successful campaign for a No vote on the deal. Mr Bower has since been in daily negotiation with the shop stewards and is confident of forging a separate deal.

Another group of town hall workers who voted against the wage cuts later reversed the decision. They comprised 529 members of Cohse, the health services union.

"The person who explained



Towers of strength at a time of disaster

Nikki Tait and Karen Zagor on three of New York's finest

Disasters have a knack of catapulting individuals into the limelight - and the blast which rocked New York's World Trade Center last week was no exception.

Three men have captured both the city and the nation's attention. Stanley Breznoff, the burly, 55-year-old executive director of the Port Authority of New York and New Jersey, which owns and operates the World Trade Center complex; Raymond Kelly, the veteran New York city policeman who became the city's 37th police commissioner in October; and James Fox, head of the Federal Bureau of Investigation's New York Office.

These three spearheaded an emergency response which has been widely viewed as efficient, humane and relatively free of strife between different public agencies. Whether such commendation would have persisted had investigations flagged or further incidents occurred is open to question. In the event, Thursday's arrest of Mohammed Salameh, a Muslim fundamentalist, placated most critics.

The division of responsibilities quickly became clear. After an inter-agency meeting at Mayor David Dinkins' offices last Sunday morning, Breznoff, crumpled and in a car-digan, emerged to handle questions about the safety of the seven-building complex and the tenants' fate.

Visitors to New York usually associate the Port Authority with a notoriously sleazy bus terminal on 8th Avenue. Even New Yorkers think of it principally in terms of the PATH (Port Authority Trans Hudson) train system which connects New Jersey with Manhattan. But the PA is a massive agency, with a \$2.7bn annual budget and jurisdiction over the region's airports, tunnels, bridges and

harbour operations, as well as five industrial parks and the WTC.

Breznoff himself was on the 67th floor of One World Trade Center, one of the twin towers which dominate Manhattan's skyline, when the blast occurred. He directed staff off the floor and helped carry a wheelchair-bound colleague down dozens of flights of stairs.

He reached the ground about five hours after the explosion, by which time the mayor's Office of Emergency Management, which co-ordinates the city's rescue efforts during disasters, had begun to act. Breznoff went straight to the makeshift command centre set up in the devastated Vista hotel's ballroom.

Over the weekend, Breznoff set up temporary headquarters in a nearby Marriott hotel and helped arrange for New York's future exchanges, which share a trading floor at Four World Trade Center, to open on Monday.

Many of the WTC's largest tenants are big financial firms with other office locations nearby and could fend for themselves. For example, Deloitte & Touche, the accountancy firm, which had 1,200 people working on seven floors of one WTC tower, relocated them without the help of the Port Authority. New York state set up a \$5m assistance scheme, providing interest-free loans for small businesses displaced by the disaster.

However, Breznoff has found himself deflecting charges that the Port Authority ignored reports in the mid-1980s and 1991 which highlighted safety flaws at the WTC. Lawsuits were filed within days of the blast, and Breznoff expects "these will multiply. We carry property damage and liability insurance which I believe will cover everything for which we

may be liable."

Over the longer term, Breznoff may face a harder task. There is a question mark over future confidence in the centre, particularly if it acquires a reputation as a terrorists' target. By Thursday, The New York Times was reporting that three tenants or potential tenants of the WTC - Rollins Rudig Hall, an insurance company, Bank of America and Fiduciary Trust, an investment bank - were reconsidering leasing space or extending their leases in the downtown location. Breznoff responded quickly, arranging for Fiduciary Trust's chairman to lead Thursday's press briefing with a declaration that the company was concluding negotiations for a second 20-year lease on its offices and had no intention of leaving the WTC. In addition, Breznoff said the Port Authority signed a new lease within days of the blast for a 7,000 sq ft restaurant in the centre.

Public wariness may also have been allayed by the fact that the investigation into the bombing is being handled jointly by the FBI and the New York Police Department's bomb squad, one of the oldest and largest US municipal forces.

The NYPD has emerged with its reputation enhanced over the past week, thanks largely to Police Commissioner Raymond Kelly. The Irish-American grew up on Manhattan's West Side, once worked as a stock-boy at Macy's department store, and has been with the police department for three decades.

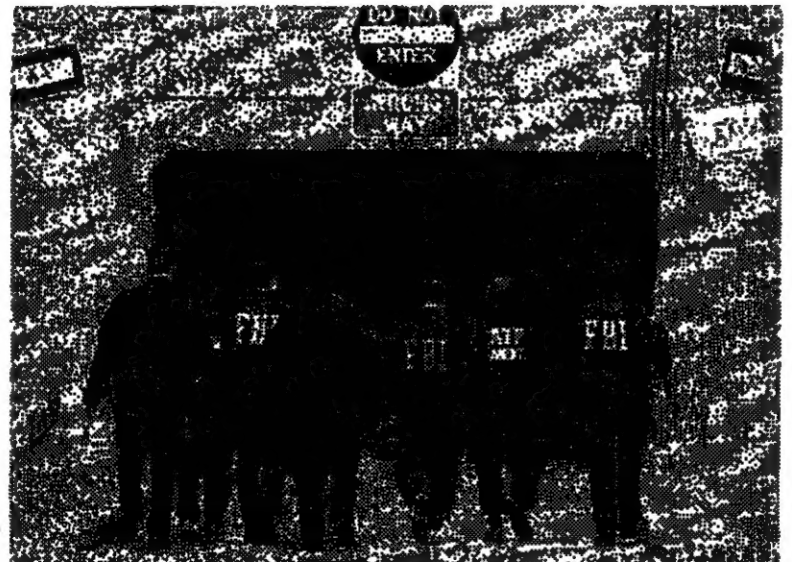
Nevertheless, his appointment as commissioner came at a delicate time. Last autumn, police corruption was dominating the local tabloid press, and public confidence in the NYPD was at low ebb. Vocal sections of the police force claimed that their work was being undermined by city officials - in particular, by Mayor Dinkins - who appeared more anxious to support the city's many racial minorities than back the force.

The bombing is the first serious incident with which Kelly has had to grapple as commissioner, and it has neatly deflected attention from these thorny local issues. Kelly's public image as no-nonsense and straightforward has been polished by his daily TV appearances, and for once the city is confronting an event on which public opinion is united.

James Fox, the FBI director, has remained a more enigmatic figure. Fox appears in the public eye during times of local crisis most recently in February when a hijacked Lufthansa jet landed at Kennedy Airport - only to slip back into the shadows once the emergency has passed. In New York, Fox is best known for his comments after mafia boss John Gotti was convicted on murder and racketeering charges in April: "The Teflon is gone. The don is covered with Velcro, and all the charges stick."

In spite of the apparent goodwill among the agencies, by yesterday, strains between city and federal law enforcement bodies were starting to show. There were recriminations that news leaks by federal officials had forced a premature arrest of Mr Salameh, and hampered investigations.

Nevertheless, co-operation between New York's public agencies this week reflects their cool professionalism under fire and may pave the way for closer relations in future.



Team effort: investigators entering the WTC garage in a search for clues

Tax avoidance is for all - not just Mr/Ms Average

From Mr Martin B Kershner.

Sir, Since when has the right to take all possible legal steps to minimise his or her tax bill been restricted to the AVERAGE British citizen as stated in your leader ("John Birt Inc", March 2)?

Lord Tomlin's dictum, which laid down the accepted standard for fair taxation, actually read as follows: "EVERY man is entitled if he can to arrange his affairs so that the tax attaching under the appropriate Acts is less than it otherwise would be."

Are you suggesting that

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL. Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Smith pledge on human rights

From Mr Graham Allen MP.

Sir, While welcoming the warm reception you provided for John Smith's commitment towards incorporating the European Convention on Human Rights (Leader, March 3 1993), I must take issue with your assertion that a Ministry of Justice and a Commission on Human Rights would be "over-egging the pudding".

If a Human Rights Bill is to succeed, it will require a fundamental shift in attitudes. New institutions will have to be set up and old ones reformed if the transformation of our constitution and society is to be real rather than merely cosmetic.

For citizens to feel confident in the judges who protect their rights, there must be fundamental shifts both in their method of appointment and their training. Currently our senior judiciary are appointed by the Lord Chancellor's department in a process free

Union bill sign of moral slide

From Mr Norman Willis.

Sir, The Citizen's Advice Bureau report on growing exploitation of people at work ("Unfair dismissals increasing", March 2) must surely add to concern about the nation's moral decline. The way in which people are treated at work is just as important as behaviour outside.

The government is encouraging exploitation through its refusal to accept basic social standards set by other European Community countries and through the Trade Union Reform Bill which removes the limited protection of the Wages Councils and makes it harder for unions to help those being exploited.

Norman D Willis, general secretary, TUC, Congress House, Great Russell Street, London WC1B 3LS

Whining and dining with the food-loving Belgians

From Mr Eric Boschman.

Sir, I was sorry to see that Janis Robinson ("Baffling Belgians in the course of a meal", Weekend, February 20/21) has been left with the indelible impression that all Belgians behave as if we're more Catholic than the Pope in matters gastronomic.

We restaurateurs certainly have to hack our share of old fogeys here, and it sounds as if Ms Robinson met most of them on her truffle, *foie-gras* and wine-tasting binge in Leuven.

What bad luck some of them even took it upon themselves to pursue her to London. I'm sorry to say some members of the Belgian foodie press take themselves more seriously than we do.

It's a shame they're more impressed with ritual than content. Few have expertise to rival that of the FT's resident Master of Wine.

As president of Belgium's Association of Professional Sommeliers, raised in the business, I agree we take food and wine extremely seriously here.

A day for the Dunkirk spirit

From Mr Philip Mickelborough.

Sir, The FT calls it Black Wednesday, Sir Denis Henderson insists that it was Sunny Wednesday, and others describe it as Golden, White or Wise.

It was a retreat from an ill-prepared venture into Europe. It caused much financial bloodshed among those directly involved and those who gave

Support from Britain

It was technically a defeat, but was soon celebrated as a triumph. It enabled this country to recover, and we hope, go on to win the economic war.

It has, of course, to be Dunkirk Wednesday.

Philip Mickelborough, 39 Kingsbury Street, Marlborough, Wiltshire SN8 1JA

COMPANY NEWS: UK AND IRELAND

Cookson to raise £185.6m via rights

By Paul Taylor

SHARES IN Cookson Group fell by 14p to 199p yesterday, after the industrial materials company confirmed that it is raising £185.6m through a 1-for-4 rights issue priced at 170p.

The proceeds of the rights issue, which has been underwritten by Lazard Brothers, will be used to repay debt, fund organic growth and make selective complementary acquisitions.

Cookson raised £83m through a rights issue two years after an acquisitions spree in the late-1980s left it heavily burdened with debt. Since then a new management team has undertaken a substantial restructuring of the group, making selective disposals and refocusing it on four product divisions.

The company also yesterday announced pre-tax profits of £72.5m for the year to end-December, against a deficit of

£7.9m last time. The comparisons have been restated to conform with accounting rule FRS 3.

The 1991 figure was originally reported as a profit of £34.4m. However, FRS 3 required the restatement of extraordinary items in 1991 to include goodwill previously written off to reserves on sale or termination of operations, and for these extraordinary items to be reclassified as exceptional items.

Turnover declined by 5 per cent to £1.24bn (£1.32bn). However, like-for-like turnover, adjusting for acquisitions, disposals and exchange rate movements, increased by about 3 per cent.

Earnings per share came out at 8.4p after restated losses per share of 8.4p in 1991.

An unchanged final dividend of 3p is proposed, maintaining the total for 1992 at 8p.

Operating profit before exceptional items increased to £94.5m, an increase of 26 per

cent over a restated £74.6m in 1991.

About 80 per cent of the group's business is outside the UK and the effect of currency translation was to add £7.5m to sales last year and £1.1m to pre-tax profits.

All four divisions achieved increased operating profits after exceptional items. The electronic materials division showed a 66 per cent increase to £21.4m (£12.9m), while the ceramics division posted increased operating profits of £38.5m (£31.4m). The engineering products division turned in an £8.8m advance to £13.8m, boosted by the acquisition in April last year of the remaining 50 per cent of Stern Leach. The plastics division posted operating profits of £14.2m (£9.5m).

At the end of December the group had net borrowings of £241m, including £77m of convertible preference shares, an increase of £15m from the end of 1991. The main reasons for



Richard Oster, chief executive of the Cookson Group

the increase were £55m of additional borrowings arising from the acquisition of the remaining 50 per cent stake in Stern Leach following the exercise of a put option by the former joint venture partner, a £31m foreign currency translation

adjustment, and an increase in year-end working capital. Gearing, which increased from 51 per cent at the end of 1991 to 74 per cent at the end of 1992, will be reduced to below 30 per cent as a result of the rights issue.

Hillsdown £150m write-off warning

By Maggie Urry

STOCKBROKERS are bracing themselves for large scale write-offs and provisions when Hillsdown Holdings, the food group, reports 1992 results on Tuesday. These could total £150m, with perhaps half going through the profit and loss account as an extraordinary item.

However, analysts have been more positive about the group since the interim last September, and the shares have doubled. They expect a bounce in earnings in the current year.

Mr David Lang, food analyst at Henderson Crosthwaite, who is forecasting pre-tax profits of £155m compared with £158m in 1991, said the total of write-offs and provisions "could approach £150m or could be higher if the knife goes deeper".

Sir Harry Solomon, executive chairman, announced in December that he would retire at next month's annual meeting. It is thought that the new team, headed by Sir John Nott, will take the opportunity of these results to "clear the decks".

The group will not apply FRS 3, the new accounting standard, which would require restructuring costs to be taken as exceptional rather than extraordinary items.

Hillsdown is likely to make provisions for restructuring and rationalisation costs relating to the poultry division, following last year's purchase of the JP Wood business, to the fresh meat business, to the Scottish salmon farming operation, to a £7.6m provision against Clarke Foods and to the Lyons Maid ice cream company which went into receivership in October last year.

The balance sheet will be affected by goodwill write-offs from acquisitions, such as the £50m purchase of the European chilled foods business of Beleda, a private Dutch company. That company had net assets of £28m.

Earnings per share for 1992 are forecast at around 13p which would comfortably cover a promised maintained annual dividend of 8.5p. That gives a yield of 7.3 per cent on the share's closing price yesterday of 162p, up 3p, which brokers say gives support to the shares.

Schroder tops expectations with new trust

By Philip Coggan, Personal Finance Editor

Schroder has exceeded expectations in raising £100m for its new split capital investment trust, called the Split Fund.

However, the demand was so unbridled in favour of the income share, which yield 8 per cent tax-free if held in a Personal Equity Plan, that applications for those shares have had to be scaled back.

Meanwhile, BZW and Schroder have been forced to buy around £27m of the other two classes of shares, capital and zero dividend, in order to create the right structure.

Between them, the two groups will own around 68 per cent of the zero dividend shares and 35 per cent of the capital shares. Mr John Gove, chairman of the Split Fund, said the shares were good investments.

In all 56.8m income shares, 37.7m zero dividend shares and 5.7m capital shares have been allocated. Those who applied for under £25,000 of income shares will receive all their allocation; applications above that level will receive between 50 and 85 per cent.

Close poised to pay £15m for Winterflood

By Richard Waters and Peggy Hollinger

WINTERFLOOD Securities, the specialist smaller company marketmaker, is likely to be sold to the merchant banking group Close Brothers for about £15m.

News of the sale emerged yesterday as Union Discount, the troubled discount house group which owns Winterflood, announced that talks over a possible disposal of the entire group had been abandoned.

The sale of the Union group, the oldest specialist money market operator in London, is understood to have foundered over the inability to agree a price for its troubled leasing business.

The potential buyer, thought to have been rival discount house group Cater Allen, is believed to have argued that the leasing portfolio could contain further losses in the future.

Union, on the other hand, claimed that leasing had become a more profitable business in the wake of the recent fall in UK interest rates.

The sale of the Winterflood business to Close Brothers would help to bolster Union's balance sheet and boost its prospects as an independent company. Union's independence was thrown in doubt last

year after it was forced to increase provisions against its leasing business, pushing its share price down from a high of 500p in 1990 to around 50p. Union's 1992 results, expected to be announced as early as next week, are expected to show that its core short-term money market business has improved as interest rates have fallen, in line with other discount houses.

Mr Brian Winterflood, who founded the marketmaking company in 1983 to concentrate on USM and Third Market stocks, refused to comment on the identity of the potential purchaser yesterday. He said, though, his company would be "very happy" with the new parent.

"We will not change from what we are presently doing," he said. It is not expected that there will be any redundancies.

Mr Winterflood said his company had seen an increase in turnover in trade in smaller companies' shares, particularly in the last three months. In the months to June 30, Union Discount's equity and gilt edged marketmaking - which includes Winterfloods and Aiken Campbell & Co - contributed profits of £2.7m.

Mr Rod Kent, managing director of Close Brothers, could not be contacted for comment yesterday.

Whewy urges holders to accept McLeod bid

By Paul Cheeseright, Midlands Correspondent

HAPLESS shareholders of Whewy, the environmental engineering group, yesterday watched their troubled company slide towards the waiting hands of McLeod Russell, the paints production and distribution group, as directors recommended acceptance of its 1-for-10 share bid.

At the annual general meeting in Birmingham about 150 shareholders, having just received news of the recommendation, vented resigned wrath against the absent Mr John McGowan, once chairman and chief executive.

He has left Whewy with a reported pay-off of £400,000. "The shareholders in his contract were bigger than what we settled for," said Mr Hugh Ashton, the current chairman, as he stonewalled. "You can't blame Mr McGowan solely for the difficulties into which Whewy has got itself."

Those problems include a 1991-92 pre-tax loss of £3.5m, qualified accounts, restructured credit lines at what the annual report said were "very heavy cost" net bank borrowings of £14.4m against shareholders' funds of £15.8m and a share price which tumbled from 140p in 1989 to 6.5p last Christmas.

McLeod's shares fell 5p to 89p yesterday, valuing its offer for Whewy shares at 9.4p. They fell 4p to 94p valuing the company at £13.3m.

Mr Nigel Openshaw, McLeod's chairman, overcame and flanked by his executives, watched the shareholders' frustration and felt afterwards that Mr Ashton had come off lightly. Mr McGowan's pay-off he thought was "astronomical. I don't believe in rewarding failure."

His team is waiting to move in at Whewy. Where that leaves Mr Richard Long, chief executive for three weeks, is unclear. "I've never met Mr Long," said Mr Openshaw. "Probably I'd have one or two questions about his contract."

Mr Long is reported to have received a £200,000 inducement to join Whewy.

Britton turns in £2.32m loss

BRITTON GROUP, the packaging company formed last October after the acquisition by Firstland Group of Gelpack Industrial, yesterday reported a pre-tax deficit of £2.32m for the year to end-December.

That compared with losses of £743,000 last time incurred on the company's discontinued oil and gas activities.

Mr Robin Williams, chief executive, said the acquisition of GIL was completed on November 2. Consequently, the results included less than nine weeks' contribution from the packaging operations and principally reflected a £2.1m loss on the sale of the oil and gas assets.

Turnover for the year totalled £2.38m, of which £345,000 came from discontinued activities. For the previous year the figure was £393,000.

Losses per share came out at 5.16p (£3.34p) and, as foreseen, a token dividend of 0.03p is proposed.

Triton Europe changes tack

Triton Europe, the independent oil and gas exploration and production company, announced a change in direction at the same time as reporting a sharp decline in interim after-tax profits from £2.61m to £61,000.

The company blamed the continuing decline at Villeperdue, its principal source of production, together with a lower sterling equivalent oil price.

Under a review of its operations, French exploration is to be reduced significantly and producing fields where Triton is operator are to be disposed of. The company expects that after the restructuring staffing levels will have been reduced by about 75 per cent.

Murray European net assets rise

Murray European Investment Trust, managed in Glasgow by Murray Johnstone, raised net asset value by 10.3 per cent to 46.3p at the end of 1992, against 42p a year earlier.

Net revenue in 1992 fell from £96,862 to £68,749, after an exceptional charge this time of £77,492 for professional fees of investment manager during the year.

Earnings per share were 0.23p (0.32p) and the final dividend is increased to 0.16p (0.15p).

Darby in the red and interim omitted

Darby Group, a USM-quoted maker of specialist glass products, dived into the red with a pre-tax loss of £471,000 in the six months to end August 1992. This compared with a profit of £282,000 last time.

Losses per share came to 1.99p (2.2p earnings) and there is no interim dividend (1.3p) - last year's final was 0.8p.

Lloyds Smaller Cos earnings at 4.21p

Lloyds Smaller Companies Investment Trust, a split level trust, reported a net asset value of 97.5p per capital share at January 31 1993, or 99.2p per package unit.

After-tax revenue for the period from February 13 to January 31 came to £1.03m and earnings per share were 4.21p.

A final dividend of 1.85p is recommended for a total of 3.55p. Total revenue was £1.58m.

USM closure decision by Easter

By Peggy Hollinger

THE Stock Exchange is expected to announce a decision on the proposed closure of the Unlisted Securities Market around Easter, following the receipt of some 60 responses to its consultative document.

It is possible that the exchange will then consider forming a think tank, to decide on the potential for either a second market or lower tiers to the Official List. Any such body would have to include representatives from the investment and corporate community, as well as advisers and venture capitalists.

In a statement yesterday, the exchange pointed out that a viable consensus from participants would have to be achieved on regulations for a second market. Then the exchange would "give every consideration to the need for a second market and the role it could play".

The overwhelming response to its document was an acceptance that the USM "no longer provides a distinctive smaller companies market". European directives on listing particulars meant that the Official List now had essentially the same entry criteria as the USM.

"It must be at least questionable whether the exchange can substantially reduce those requirements and still provide an appropriate regulatory regime for investors."

The City Group For Smaller Companies, the lobbying body set up following the proposed demise of the USM, welcomed the exchange's statements. "They have recognised that there is a demand for investigating a secondary market," said Mr Andrew Beeson, chairman of Cisco. "That process will now have to be pulled together."

Buckingham bid has £3m value

By Richard Gourlay

BUCKINGHAM International, the hotels and nursing homes group, has produced one of the more bizarre bids of the year.

A bidder that did not want to bid; an adviser that does not necessarily advise rejection of the offer - even though it values Buckingham's ordinary shares at less than 3 per cent of what auditors say the company is worth on a long-term basis.

The bid was triggered because the Takeover Panel has ruled that Buckingham's largest shareholder, Naaz Holdings, is acting in concert with Jemma, run by one of the deputy chairmen's relatives, and now have 38.7 per cent of the common shares.

Naaz is a company owned by a trust of which Mr Nurdin Jivraj, Buckingham deputy chairman, and Mr Nick Jivraj, his son and chief executive, and their families are beneficiaries. The relative of Mr Nurdin

Jivraj is beneficiary of a trust run by Jemma.

Buckingham shareholders are being offered 2.75p for each ordinary, valuing the offer at £3.3m, and 27.5p for each £1 nominal of loan stock, valuing this offer at £9.1m. Buckingham's share price closed 0.25p down at 4.5p.

The offer comes from Puleus, a Jersey company owned by a trust of which Mr Nick and Mr Nurdin Jivraj, are beneficiaries.

Advisers to the independent directors have advised that the loan stock offer would be rejected.

The loan stock holders subscribed £33m only last year and are secured on some of the group's properties.

The common stock offer is a different matter. Buckingham said that 1993 and 1994 would be "tough years for the group in terms of meeting cash requirements but the board believes these problems will be resolved."

David Brown rises 12%

DAVID BROWN Group, the gear and pump manufacturer which is shortly to be floated, increased pre-tax profits by 12 per cent to £9.2m in the year to January 29. Sales were static at £81m (£80.5m), writes Andrew Bolger.

The directors of this Huddersfield-based company, which was the subject of a £48m management buy-in in 1990, said that strong cash flow had led to a £2.2m fall in net borrowings, in spite of investment of £3.3m in new businesses.

Gearing, which was 300 per cent after the buy-in, now stands at 28 per cent and will be reduced further by proceeds from the flotation, which is expected to give the group a market value of more than £70m.

Near 40% of Rutland shares changes hands

By Catherine Milford

ALMOST 40 per cent of the shares of Rutland Trust, the financial services and property surveying group, changed hands yesterday.

SPP, part of Trygg-Hansa, Sweden's largest insurance and pensions group, yesterday placed its £2.5 per cent holding with a range of institutional investors.

The shares were put through the market at 17p. The move will not trigger any new disclosure holdings in Rutland. It is understood the placing was oversubscribed, partly because of the recent rise in the value of Rutland's 44 per cent owned associate Capital Industries.

After the placing, Banque

Artil, part of the Matra-Hachette group, also had its entire holding in Rutland placed, some 4.8 per cent at 18p.

Rutland's shares closed up 2p at 20p on the day.

The Swedish holding arose out of a 1986 consortium bid for Kellcock Trust by London and Edinburgh Trust and Mr Michael Langdon, now chief executive of Rutland Trust. In 1989 SPP bought LET which has recently been loss-making, for £500m.

Mr Langdon said: "We are pleased to have replaced a weak shareholder which overhung the market with a good quality institutional listing."

He said the group was acquisitive and would continue to look for business opportunities to fit its existing profile.

JFB makes \$12.3m buy

JOHNSON & Firth Brown, the metals and engineering group, has expanded in the US with the acquisition of Viking Metallurgical Corporation for \$12.3m (£8.6m), writes Peter Pearce.

Based in Reno, Nevada, Viking manufactures seamless rolled rings and forgings and electron beam-melted materials, mainly for the aerospace engine components, industrial gas turbines and general engineering industries.

The Viking's pre-tax profits for the year ended October 31 1992 fell to \$1.03m (£730,000) against \$1.95m due to sales falling to \$28.7m (\$34m).

Half the consideration will be paid in cash and the balance in a non-negotiable interest-free note maturing on February 28 1994. Qualex also received \$500,000 representing cash movements at Viking since December 31.

neering industries.

He said the move had "the full support of the board following months of preparatory work" and added that "the board does not believe that any potential Irish investor could bring the same benefits to the group in our drive to become a more significant and more successful Irish-based international food company".

Mr Joe Walsh, the agriculture minister, confirmed this week that the offer had come from ADM.

It is likely that the Green-core board will now seek institutional shareholder support to block any government sale of which it does not approve, under the company's articles of association. Any shareholder taking more than a 15 per cent stake in the company requires

shareholder approval.

The problem for the government is that the sale of £150m of government assets is a key factor in this year's Budget arithmetic, and upon it hinges the government's ability to rescue Aer Lingus, the state-run airline which is in the process of sorting out its own major financial difficulties.

Aer Lingus is a major shareholder in GPA and along with GPA's other shareholders is being called upon to subscribe to a new US\$200m preference share issue by the aircraft leasing group.

The issue is seen as the company's last chance to avoid the banks taking over effective control. Aer Lingus, however, is unlikely to be in a position to subscribe to the issue without government finance.

Row may hit Greencore restructure

By Tim Cooney in Dublin

A GROWING row in the Republic of Ireland over the sale of the government's remaining 30.4 per cent stake in Greencore, the sugar and foods company, now looks increasingly likely to have a significant bearing on whether GPA, the world's largest aircraft leasing company, succeeds in a debt restructuring package with its banks to whom it owes \$5.5bn (£3.7bn).

With encouragement from the Greencore board, the US food conglomerate ADM, last month made a £566m offer, equivalent to 12.50p per share, for the government's Green-core stake. But under political pressure, the government this week decided to open up the sale to other offers with the

express intention of trying to find an Irish buyer.

Mr Gerry Murphy, the Greencore chief executive, says that he does not believe such a move is in the best interests of the company and that the board "will do everything in its power to ensure that our ability to pursue our stated strategy is at least safeguarded and hopefully enhanced, by the ultimate ownership of the government's stake".

Without naming ADM, Mr Murphy said that the board had found a "long-term partner with similar and complementary long-term... (which) apart from supporting the group with capital for development, would bring unparalleled access to world class technology in our core business, global market intelligence and distribution capability".

DIVIDENDS ANNOUNCED									
Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year				
British Tele	1.5	Apr 29	-	-	1				
Britton Group	0.03	-	nil	0.03	nil				
Darby Group	nil	-	1.2	-	2				
Cookson	3	-	5	6	6				
Latin Amer Inv	nil	-	0.52	nil	0.5				
Murray European	0.16	May 27	0.15	0.16	0.15				

Dividends shown pence per share net except where otherwise stated. *On increased capital. *USM stock. *US cents.

LONDON RECENT ISSUES									
Issue	Amount	Latest Price	1993	Stock	Closing Price	1992	Net Div	Yield	P/E Ratio
31	100	100	100	100	100	100	100	100	100
32	100	100	100	100	100	100	100	100	100
33	100	100	100	100	100	100	100	100	100
34	100	100	100	100	100	100	100	100	100
35	100	100	100	100	100	100	100	100	100
36	100	100	100	100	100	100	100	100	100
37	100	100	100	100	100	100	100	100	100
38	100	100	100	100	100	100	100	100	100
39	100	100	100	100	100	100	100	100	100
40	100	100	100	100	100	100	100	100	100

FIXED INTEREST STOCKS									
Issue Price	Amount Paid up	Latest Return Date	1993		Stock	Closing Price	Yr %	Net Div	P/E Ratio
			High	Low					
100	F.P.	11/50	102 1/4	Alvord's 6-40 (Dist) Co. Pl. (m-fri)	113 1/4	+6	100	100	100
100	F.P.	12/20	115 1/4	British Water 8-40 Pl.	120 1/4	+6	100	100	100
100	F.P.	11/11	105 1/4	WFC 7-40 (Dist) Co. Pl.	111 1/4	+1	100	100	100
100	F.P.	11/11	109 1/4	WFC 7-40 (Dist) Co. Pl.	111 1/4	+1	100	100	100
100	F.P.	6/00	5 1/4	Martin Ind Green 200	5 1/4	+4	100	100	100

1bn

by 2 per cent to

sp. which has

been a 10 per cent

in the first half of

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

provisions for the

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling soar

BOTH the dollar and sterling soared against the D-Mark yesterday after the Bundesbank announced a cut in money market interest rates on the same day that the US non-farm payroll figure showed an astonishingly strong rise, writes James Bitts.

The Bundesbank's decision to cut the interest rate on its 14-day repo to 8.25 per cent from the previous 8.49 per cent announcement took financial markets completely by surprise.

The expectation had been that a change in the central bank's money market rates would be announced on Thursday afternoon, following the Bundesbank's last council meeting, or that it would come next Tuesday when details of the weekly money market intervention are broadcast.

The release of the US non-farm payroll figure, which showed a rise of 365,000 in February, was the second big sur-

prise of the day. The market had, at best been expecting a rise of 150,000. Around 90 per cent of the rise in the payroll figure accounted for part-time workers, but this did not stop the dollar breaking through the critical level of DM1.67 for the first time in nearly a year.

The dollar later closed at DM1.6670, more than 3 pence up on the day. Sterling also performed strongly, helped by a statement from the UK Treasury that cuts in German rates would not necessarily be followed by an easing in UK policy. The pound closed at DM2.4100, also up more than 3 pence on the day.

The German central bank said that it had cut the repo rate to deal with the unusually high interest rates being set for call money in the cash market. But Mr Brian Hilliard of Societe Generale Strauss Turballe said that it would have been more normal policy to deal with a short-term liquidity

FINANCIAL FUTURES AND OPTIONS

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

MONEY MARKET FUNDS

Money Market Trust Funds

Table with 3 columns: Fund Name, Assets, and Yield. Lists various money market trust funds.

Money Market Bank Accounts

Table with 3 columns: Bank Name, Account Type, and Interest Rate. Lists various money market bank accounts.

IN NEW YORK

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

Table with 3 columns: Instrument, Price, and Change. Includes data for US Treasury futures and options.

EMS EUROPEAN CURRENCY UNIT RATES

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

Table with 3 columns: Country, Unit, and Rate. Lists EMS European currency unit rates.

POUND SPOT - FORWARD AGAINST THE POUND

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for pound spot and forward rates.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for dollar spot and forward rates.

EURO CURRENCY INTEREST RATES

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for euro currency interest rates.

MONEY MARKETS

Futures drop sharply

CASH rates in European markets dropped sharply yesterday after the Bundesbank surprised dealers by announcing a lower rate for securities repurchase agreements, writes James Bitts.

The Bundesbank said it was cutting the interest rate on the 14-day repo to 8.25 per cent from the previous 8.49 per cent in response to wide swings in German money market rates.

The bank also said it was setting a 28-day tender for funds at variable interest rates.

UK clearing bank base lending rate 6 per cent

From January 28, 1993

Both the Belgian and Dutch central banks said they would be lowering their money market intervention rates next week in response to the Bundesbank's move.

The Bundesbank explained the timing of the move by saying that it was responding to strongly fluctuating money market interest rates, and difficulties in the market in setting rates on German call money.

Dealers reported call money yesterday morning at rates varying from 8.75 to 8.90 per cent. The Bundesbank's move brought call money sharply down to 8.49 per cent and the level of 3-month D-Marks down to 8.02 per cent.

At the same time, by putting the repo rate only 25 basis points above the discount rate, it raised expectations of a cut in the officially posted rates at the next Bundesbank council meeting on March 18.

Euro-mark futures rose 11 basis points to close at 92.05 in the wake of the move, predicting that 3-month money in ten days time will be at 7.95 per cent.

The March French franc contract rose 29 basis points to close at 86.61, and the June contract closed 57 basis points higher at 81.41. Three month French francs closed sharply lower at 11 1/2 per cent from 11 1/4 per cent at the start of the day.

Sterling futures also rose sharply on the move, despite another assurance from UK government officials that a drop in German rates would not automatically lead to an easing in UK policy. The March contract closed up 7 basis points at 94.04, while the June contract closed up 3 basis points at 94.58. At this level, the June contract assumes that 3-month sterling cash will be at 5.42 per cent by the summer.

Three month money closed at 5 1/2 per cent yesterday, down 1/2 per cent on the day. The move was helped by the relatively swift removal of a £1.75bn shortage by clearing banks and discount houses.

FT LONDON INTERBANK FIXING

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

Table with 3 columns: Instrument, Price, and Change. Includes data for FT London interbank fixing.

MONEY RATES

Table with 3 columns: Instrument, Price, and Change. Includes data for money rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for money rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for money rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for money rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for money rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for money rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for money rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for money rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for money rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for money rates.

Table with 3 columns: Instrument, Price, and Change. Includes data for money rates.

Rate

0.25

Income
sands

Utilities
side
and,
ed in
not

05:21
11:30

range
normal
all
com-
plex.
-80
to of
me
ted
and
don

FT-SE
292

1. NAME
 2. DATE
 3. TIME
 4. LOCATION
 5. REMARKS
 6. INITIALS
 7. SIGNATURE
 8. DATE
 9. TIME
 10. LOCATION
 11. REMARKS
 12. INITIALS
 13. SIGNATURE
 14. DATE
 15. TIME
 16. LOCATION
 17. REMARKS
 18. INITIALS
 19. SIGNATURE
 20. DATE
 21. TIME
 22. LOCATION
 23. REMARKS
 24. INITIALS
 25. SIGNATURE
 26. DATE
 27. TIME
 28. LOCATION
 29. REMARKS
 30. INITIALS
 31. SIGNATURE
 32. DATE
 33. TIME
 34. LOCATION
 35. REMARKS
 36. INITIALS
 37. SIGNATURE
 38. DATE
 39. TIME
 40. LOCATION
 41. REMARKS
 42. INITIALS
 43. SIGNATURE
 44. DATE
 45. TIME
 46. LOCATION
 47. REMARKS
 48. INITIALS
 49. SIGNATURE
 50. DATE
 51. TIME
 52. LOCATION
 53. REMARKS
 54. INITIALS
 55. SIGNATURE
 56. DATE
 57. TIME
 58. LOCATION
 59. REMARKS
 60. INITIALS
 61. SIGNATURE
 62. DATE
 63. TIME
 64. LOCATION
 65. REMARKS
 66. INITIALS
 67. SIGNATURE
 68. DATE
 69. TIME
 70. LOCATION
 71. REMARKS
 72. INITIALS
 73. SIGNATURE
 74. DATE
 75. TIME
 76. LOCATION
 77. REMARKS
 78. INITIALS
 79. SIGNATURE
 80. DATE
 81. TIME
 82. LOCATION
 83. REMARKS
 84. INITIALS
 85. SIGNATURE
 86. DATE
 87. TIME
 88. LOCATION
 89. REMARKS
 90. INITIALS
 91. SIGNATURE
 92. DATE
 93. TIME
 94. LOCATION
 95. REMARKS
 96. INITIALS
 97. SIGNATURE
 98. DATE
 99. TIME
 100. LOCATION
 101. REMARKS
 102. INITIALS
 103. SIGNATURE
 104. DATE
 105. TIME
 106. LOCATION
 107. REMARKS
 108. INITIALS
 109. SIGNATURE
 110. DATE
 111. TIME
 112. LOCATION
 113. REMARKS
 114. INITIALS
 115. SIGNATURE
 116. DATE
 117. TIME
 118. LOCATION
 119. REMARKS
 120. INITIALS
 121. SIGNATURE
 122. DATE
 123. TIME
 124. LOCATION
 125. REMARKS
 126. INITIALS
 127. SIGNATURE
 128. DATE
 129. TIME
 130. LOCATION
 131. REMARKS
 132. INITIALS
 133. SIGNATURE
 134. DATE
 135. TIME
 136. LOCATION
 137. REMARKS
 138. INITIALS
 139. SIGNATURE
 140. DATE
 141. TIME
 142. LOCATION
 143. REMARKS
 144. INITIALS
 145. SIGNATURE
 146. DATE
 147. TIME
 148. LOCATION
 149. REMARKS
 150. INITIALS
 151. SIGNATURE
 152. DATE
 153. TIME
 154. LOCATION
 155. REMARKS
 156. INITIALS
 157. SIGNATURE
 158. DATE
 159. TIME
 160. LOCATION
 161. REMARKS
 162. INITIALS
 163. SIGNATURE
 164. DATE
 165. TIME
 166. LOCATION
 167. REMARKS
 168. INITIALS
 169. SIGNATURE
 170. DATE
 171. TIME
 172. LOCATION
 173. REMARKS
 174. INITIALS
 175. SIGNATURE
 176. DATE
 177. TIME
 178. LOCATION
 179. REMARKS
 180. INITIALS
 181. SIGNATURE
 182. DATE
 183. TIME
 184. LOCATION
 185. REMARKS
 186. INITIALS
 187. SIGNATURE
 188. DATE
 189. TIME
 190. LOCATION
 191. REMARKS
 192. INITIALS
 193. SIGNATURE
 194. DATE
 195. TIME
 196. LOCATION
 197. REMARKS
 198. INITIALS
 199. SIGNATURE
 200. DATE
 201. TIME
 202. LOCATION
 203. REMARKS
 204. INITIALS
 205. SIGNATURE
 206. DATE
 207. TIME
 208. LOCATION
 209. REMARKS
 210. INITIALS
 211. SIGNATURE
 212. DATE
 213. TIME
 214. LOCATION
 215. REMARKS
 216. INITIALS
 217. SIGNATURE
 218. DATE
 219. TIME
 220. LOCATION
 221. REMARKS
 222. INITIALS
 223. SIGNATURE
 224. DATE
 225. TIME
 226. LOCATION
 227. REMARKS
 228. INITIALS
 229. SIGNATURE
 230. DATE
 231. TIME
 232. LOCATION
 233. REMARKS
 234. INITIALS
 235. SIGNATURE
 236. DATE
 237. TIME
 238. LOCATION
 239. REMARKS
 240. INITIALS
 241. SIGNATURE
 242. DATE
 243. TIME
 244. LOCATION
 245. REMARKS
 246. INITIALS
 247. SIGNATURE
 248. DATE
 249. TIME
 250. LOCATION

INDUSTRIAL GROUP
1000 SHARE INDEX
FINANCIAL GROUP

FT-SE Mid 250	100
FT-SE A 350	100
FT-SE Actuaries	
Construction	100
Health & M	100
Water	100
Banking	100
Equity section of group	
FT-SE A 100	100
FT-SE A 250	100
FT-SE A 350	100
FT-SE A 400	100
FT-SE A 500	100
FT-SE A 600	100
FT-SE A 700	100
FT-SE A 800	100
FT-SE A 900	100
FT-SE A 1000	100
FT-SE A 1100	100
FT-SE A 1200	100
FT-SE A 1300	100
FT-SE A 1400	100
FT-SE A 1500	100
FT-SE A 1600	100
FT-SE A 1700	100
FT-SE A 1800	100
FT-SE A 1900	100
FT-SE A 2000	100
FT-SE A 2100	100
FT-SE A 2200	100
FT-SE A 2300	100
FT-SE A 2400	100
FT-SE A 2500	100
FT-SE A 2600	100
FT-SE A 2700	100
FT-SE A 2800	100
FT-SE A 2900	100
FT-SE A 3000	100
FT-SE A 3100	100
FT-SE A 3200	100
FT-SE A 3300	100
FT-SE A 3400	100
FT-SE A 3500	100
FT-SE A 3600	100
FT-SE A 3700	100
FT-SE A 3800	100
FT-SE A 3900	100
FT-SE A 4000	100
FT-SE A 4100	100
FT-SE A 4200	100
FT-SE A 4300	100
FT-SE A 4400	100
FT-SE A 4500	100
FT-SE A 4600	100
FT-SE A 4700	100
FT-SE A 4800	100
FT-SE A 4900	100
FT-SE A 5000	100
FT-SE A 5100	100
FT-SE A 5200	100
FT-SE A 5300	100
FT-SE A 5400	100
FT-SE A 5500	100
FT-SE A 5600	100
FT-SE A 5700	100
FT-SE A 5800	100
FT-SE A 5900	100
FT-SE A 6000	100
FT-SE A 6100	100
FT-SE A 6200	100
FT-SE A 6300	100
FT-SE A 6400	100
FT-SE A 6500	100
FT-SE A 6600	100
FT-SE A 6700	100
FT-SE A 6800	100
FT-SE A 6900	100
FT-SE A 7000	100
FT-SE A 7100	100
FT-SE A 7200	100
FT-SE A 7300	100
FT-SE A 7400	100
FT-SE A 7500	100
FT-SE A 7600	100
FT-SE A 7700	100
FT-SE A 7800	100
FT-SE A 7900	100
FT-SE A 8000	100
FT-SE A 8100	100
FT-SE A 8200	100
FT-SE A 8300	100
FT-SE A 8400	100
FT-SE A 8500	100
FT-SE A 8600	100
FT-SE A 8700	100
FT-SE A 8800	100
FT-SE A 8900	100
FT-SE A 9000	100
FT-SE A 9100	100
FT-SE A 9200	100
FT-SE A 9300	100
FT-SE A 9400	100
FT-SE A 9500	100
FT-SE A 9600	100
FT-SE A 9700	100
FT-SE A 9800	100
FT-SE A 9900	100
FT-SE A 10000	100

Length of $Z = E + 2\sigma$
 Inside of $Z = E + \sigma$
 Inside of $Z = E - \sigma$
 Outside of $Z = E - 2\sigma$

● Current Unit Trust prices are available on FT Cityline. Calls charged at 50p/minute* cheap rate and 40p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 573 4375.

品名: 紅豆沙

[illegible][illegible][illegible][illegible][illegible][illegible]

17	1601	1401	725	49	27
18	1602	1402	725	49	27
19	1603	1403	725	49	27
20	1604	1404	725	49	27
21	1605	1405	725	49	27
22	1606	1406	725	49	27
23	1607	1407	725	49	27
24	1608	1408	725	49	27
25	1609	1409	725	49	27
26	1610	1410	725	49	27
27	1611	1411	725	49	27
28	1612	1412	725	49	27
29	1613	1413	725	49	27
30	1614	1414	725	49	27
31	1615	1415	725	49	27
32	1616	1416	725	49	27
33	1617	1417	725	49	27
34	1618	1418	725	49	27
35	1619	1419	725	49	27
36	1620	1420	725	49	27
37	1621	1421	725	49	27
38	1622	1422	725	49	27
39	1623	1423	725	49	27
40	1624	1424	725	49	27
41	1625	1425	725	49	27
42	1626	1426	725	49	27
43	1627	1427	725	49	27
44	1628	1428	725	49	27
45	1629	1429	725	49	27
46	1630	1430	725	49	27
47	1631	1431	725	49	27
48	1632	1432	725	49	27
49	1633	1433	725	49	27
50	1634	1434	725	49	27
51	1635	1435	725	49	27
52	1636	1436	725	49	27
53	1637	1437	725	49	27
54	1638	1438	725	49	27
55	1639	1439	725	49	27
56	1640	1440	725	49	27
57	1641	1441	725	49	27
58	1642	1442	725	49	27
59	1643	1443	725	49	27
60	1644	1444	725	49	27
61	1645	1445	725	49	27
62	1646	1446	725	49	27
63	1647	1447	725	49	27
64	1648	1448	725	49	27
65	1649	1449	725	49	27
66	1650	1450	725	49	27
67	1651	1451	725	49	27
68	1652	1452	725	49	27
69	1653	1453	725	49	27
70	1654	1454	725	49	27
71	1655	1455	725	49	27
72	1656	1456	725	49	27
73	1657	1457	725	49	27
74	1658	1458	725	49	27
75	1659	1459	725	49	27
76	1660	1460	725	49	27
77	1661	1461	725	49	27
78	1662	1462	725	49	27
79	1663	1463	725	49	27
80	1664	1464	725	49	27
81	1665	1465	725	49	27
82	1666	1466	725	49	27
83	1667	1467	725	49	27
84	1668	1468	725	49	27
85	1669	1469	725	49	27
86	1670	1470	725	49	27
87	1671	1471	725	49	27
88	1672	1472	725	49	27
89	1673	1473	725	49	27
90	1674	1474	725	49	27
91	1675	1475	725	49	27
92	1676	1476	725	49	27
93	1677	1477	725	49	27
94	1678	1478	725	49	27
95	1679	1479	725	49	27

on Fund Mgmt Ltd (12007)

HISTORIC PRICING: The later H denotes that the company will normally deal on the price

[illegible]

[illegible]

and 18¢/minute at all other times. To obtain a free Unit Trust Code Booklet Ring (077) 673 4378.

● Current Unit Trust prices are available on FT Cityline. Calls charged at 35p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 873 4378.

[illegible]

AMERICA

Unemployment data gives boost to Dow

Wall Street

AFTER a weak start, US stock markets posted big gains yesterday morning in the wake of a stronger than expected February employment report, writes Patrick Harverson in New York.

At 1 pm, the Dow Jones Industrial Average was up 28.64 at 3,427.55. The more broadly based Standard & Poor's 500 was 1.62 up at 463.56, while the NASDAQ composite was up 0.53 at 413.77, and the Nasdaq composite 1.88 higher at 882.51. Trading volume on the NYSE was 145m shares by 1 pm.

The news that non-farm payrolls had jumped 365,000 and the national unemployment rate dropped from 7.1 per cent to 7.0 per cent last month surprised Wall Street, which had been expecting only a modest increase in payrolls and no change in the jobless rate.

The markets, however, failed to respond positively to the news, at least at first. Prices actually fell in the first few minutes of trading, and remained essentially flat for most of the morning session. The weakness in equities was attributed to the big fall in bond prices which followed the release of the jobs data.

The benchmark 30-year bond

issue initially fell by more than a point on the news, sending the yield back above 6.8 per cent. Although the bond later recovered some of its early losses, by early afternoon it was still more than 1/4 point down on the day, yielding 6.79 per cent. The rise in bond yields upset equity investors, who fear higher interest rates could slow economic growth.

The stock markets, however, eventually built up a head of steam, and soon after midday the Dow was posting a more than 20-point gain. There was no specific trigger for the turnaround, although the modest rally in bond prices buoyed equity market sentiment.

Among individual stocks, cyclical and leading industrial issues were in good form. International Paper rose 1/2 to \$65 1/2, Caterpillar added 1/4 to \$69 1/2, Goodyear added 1/4 to \$71 1/2, General Electric put on 1/4 to \$85 1/2, and Alcoa climbed 1/4 to \$70 1/2.

Computer shares were also in demand. Motorola was especially strong, rising 3/4 to \$82 1/2 in turnover of 4m shares. Hewlett-Packard added 1/4 to \$77 1/2, and Digital Equipment climbed 1/4 to \$46 1/2.

Salomon, which fell sharply on Thursday on news of trading losses at its Wall Street securities subsidiary, bounced

back, rising 3/4 to \$40 1/2. On the Nasdaq market, among leading issues Microsoft rose 1/2 to \$84 1/2, Apple added 1/4 to \$55 1/2, but Amgen slipped 1/4 to \$34 1/2.

Canada

TORONTO surged in brisk turnover at midday, led by a jump in gold shares and underpinned by a rally on Wall Street.

The TSE-300 index gained 7.21 to 3,528.50 in volume of 45.4m shares valued at C\$446m. Advances led declines 316 to 247 with 253 unchanged. Lac Minerals climbed 3/4 to C\$9 1/2 after an upgrade.

US markets struggle to understand Clinton

Investors are confused, writes Patrick Harverson

Although it has been more than two weeks since President Bill Clinton formally unveiled his bold tax-raising and deficit-cutting budget, US stock markets remain confused about what the plan means for the economy, corporate earnings and share prices.

When the new president presented his economic plan in mid-February, the markets wasted no time in expressing displeasure at the scale of the tax increases and the timidity of the spending cuts, and the Dow Jones Industrial Average fell by almost 100 points.

Yet, in the next week and a half, the Dow recovered all of its lost ground, so that the index now stands at almost exactly where it was before the Clinton budget was unveiled.

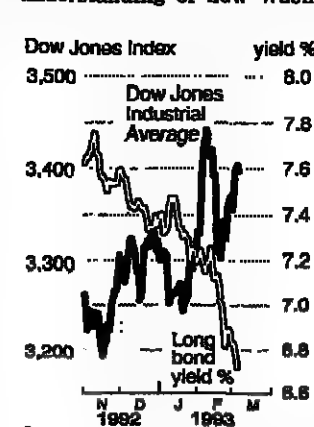
At first glance, it may look as though the markets have been unusually indecisive and slow off the mark: normally, Wall Street takes only a short time to digest economic and political news and spit out a judgment. Yet, there are some good reasons why the markets have struggled to come to terms with "Clintonomics".

To begin with, the scope and ambition of the president's plan has been more than a mouthful for dealers and investors. Among his proposals are tax increases on middle and top income earners, on corporations and on energy use; tax breaks on investment and tax cuts for the working poor; an assortment of spending increases on infrastructure projects, education, science and technology and certain social programmes; and selected spending cuts.

Working out how these measures will affect the economy is not easy. The simpler certainties of the Reagan era and the policy inertia of the Bush years have been replaced by activist, reforming, big government. The markets will take time getting used to the changed political, economic and policy landscape.

To make matters worse, not only has the White House hinted that the Clinton eco-

nomic blueprint may be amended, updated or expanded before it reaches the legislators, but anyone with a basic understanding of how Wash-



Source: DataStream

ington works knows that there is no chance that the budget will make it through Congress in one piece. Hence it makes sense for the markets to be wary of passing judgement on a radical new economic policy until it does become policy.

Secondly, the introduction of the budget and the first weeks of its life have been played out against a background of economic "noise" that has been distinctly discordant. The statistics released and surveys published since the State of the Union address on February 18 have painted an inconsistent picture of the nation's economic health.

If anything, the message in the figures, which have included sharp declines in home sales and consumer confidence, weak factory orders, and inconsistent growth in labour markets, has been that economic recovery may have slowed after the post-election spurt of growth seen in the fourth quarter of 1992.

This has only added to the confusion. The markets would love to come up with a conclusive answer as to what the budget means for the economy; but it is difficult when they no longer know where the economy stands.

Finally, equity investors have been unsettled by the extraordinary recent rally in the Treasury bond markets, where prices have risen sharply on growing confidence that the president's policies will simultaneously slow economic growth, dampen inflationary pressures, and reduce the deficit.

Since Mr Clinton won the election on November 3, the yield on the benchmark 30-year government bond has fallen from 7.65 per cent to 6.72 per cent, and on the two-year note from 4.42 per cent to 3.72 per cent. The 30-year bond is now recording the lowest yield since the issue was first sold to the public in 1977.

Given that Democratic presidents are generally regarded as the enemy of fixed-income investors because of their tendency to use government spending to generate economic growth (a policy approach roundly criticised by free-market advocates for its inflationary consequences), the performance of the bond market under Mr Clinton has been nothing short of remarkable.

Which is why the equity markets do not know quite what to make of it all. Traditionally, stocks can get a lift from a bond market rally because lower interest rates are good news for corporate and individual borrowers, and for the economy. So dramatic has the decline in bond yields been, however, that there is a worry that the booming government securities market will lure investors' funds away from the struggling equities markets.

It is difficult to ascertain how long the confusion and uncertainty will last - the political road ahead for the budget is long and strewn with obstacles. As for fundamentals, the good news is that interest rates are low and corporate earnings are improving; but the bad news is that price valuations are high and the economy may be cooling off. The indication is that US stock markets, over the short-term at least, will remain on a faltering course.

EUROPE

Buba rate cut catches bourses by surprise

THE cut by the Bundesbank of the repo rate caught markets by surprise as it seemed to signal an imminent cut in the Lombard and discount rates, perhaps at the next council meeting on March 18, writes Our Markets Staff.

FRANKFURT moved modestly down as some analysts forecast a period of consolidation for the market following recent strength. The DAX index closed 4.58 lower at 1,882.82, up 1.4 per cent on the week, as turnover rose slightly to DM1.5bn from DM1.3bn.

With Bundesbank watching entering a new phase as some observers try to second-guess when the Lombard and discount rates will actually be cut, other observers continue to warn that the fundamentals of the German economy remain weak and are expected to weaken throughout 1993. On this basis, they say, the present market valuation looks rather stretched and vulnerable to a downward correction.

One analyst in London commented that many investors still have not fully appreciated that 1993 earnings are likely to be further downgraded, given the recent batch of disappointing economic data.

This will be underlined when chemicals report next week. Mr Patrick Shields of NatWest Securities forecasts a decline in 1993 pre-tax earnings of 47

FT-SE Actuaries Share Indices

Hourly changes	Open	10.30	11.30	12.30	13.30	14.30	15.30	Close
FT-SE 100	1161.53	1160.24	1159.32	1158.36	1157.00	1155.70	1154.70	1153.70
FT-SE 250	1224.17	1224.18	1223.09	1222.02	1220.77	1219.33	1217.82	1216.33

Hourly changes	Open	10.30	11.30	12.30	13.30	14.30	15.30	Close
FT-SE 100	1155.15	1155.00	1154.71	1154.20	1153.20	1152.20	1151.20	1150.20
FT-SE 250	1216.30	1216.30	1216.03	1215.84	1215.57	1215.27	1214.97	1214.67

Base value 1000 (20/10/80) 1000 - 1161.53, 200 - 1224.17, 500 - 1155.15, 200 - 1216.30.

per cent for BASF, 26 per cent for Hoechst and 15 per cent for Bayer, which yesterday announced short-term working at some of its plants. The shares fell respectively DM2.80, DM2.40 and DM1.30 to DM227.00, DM254.40 and DM272.30.

DAIAG was firm in early trading, weakened later before sprinting to a gain in the CAC-40 index of 8.37 to 1,995.12, for a week's rise of 2.6 per cent. Turnover remained firm at FF4.8bn.

Speculation on possible stake building continued to lift volume in Suez, which saw 1.6m shares change hands as the shares gained FF13.30 to FF7318.20. Of all the names rumoured to be interested in the group, including that of Sir James Goldsmith, only UAP, which currently has a 6.5 per cent stake, denied interest. UAP finished FF11 stronger at FF7388.

The car sector finished a

dreadful week with further losses in Peugeot, down FF18 at FF7572, Michelin, off FF4.50 at FF7175.10 and Valeo FF34 lower at FF7751.

AMSTERDAM ended a difficult week higher, with the CBO Tendency index up 0.8 at 101.6, up 1.9 per cent on the week. There was lingering interest in companies which had reported this week with Philips and DSM both 30 cents higher at FF22.80 and FF73.50 and Polysar up 60 cents at FF49.40.

Heineken set a new record high, up FF18.30 to FF195.80, but some analysts felt that the shares were now beginning to look expensive.

MILAN marked time although the market was alive with rumours which made for an active day's trading. The Comit index eased 1.26 to 585.47 - 4.3 per cent ahead on the week.

Olivetti fixed L63 or 2.6 per cent lower at L2.95 before easing to L2.95 after hours and

Sip was L26 lower at L1.680 amid fears that the groups might be planning rights issues.

Stet shed L35 to L2.355 before easing to L2.340 after hours on speculation that it might soon conclude the sale of a stake in its telecommunications equipment subsidiary Italtel.

In the other direction, Rinascente, L480 or 5.5 per cent ahead at L9.190, was in demand, particularly by US investors in spite of Fiat's fresh denials that its sale was being negotiated.

Pirelli broke through the L1.500 level, adding L60 to L1.581 in heavy volume.

Stocks from the Ligresti group were possible in speculation about a takeover. Holding company Premafin shot up L281 or 12.8 per cent to L5,450 and were up to L5,650 after hours, while Grassetto, the construction group, rose L690 or 12.2 per cent to fix at L6,170 before continuing up to L6,175 after hours.

Elsewhere, the Consob market regulatory agency suspended the shares of holding company Fimpar and its hotel group Ciga pending an announcement on the status of Ciga's financial restructuring plan.

ZURICH finished weaker but a strengthening dollar enabled shares to pull up on the day's lows. The SMI index

dipped 4.9 to 2,134.5, a 1.6 per cent rise on the week.

CS Holding fell SFr30 to SFr2,230 after its main asset, Credit Suisse, reported a 1.1 per cent rise in 1992 group net profit which was at the lower end of expectations. UBS, which last week reported a 10.4 per cent rise in net income, rose SFr2 to SFr944.

BBC Brown Boveri shed SFr50 to SFr3,940. Analysts expect the Zurich-based Asea Brown Boveri, from which BBC derives virtually all its income, to announce 1992 profit at or below the previous year's level.

STOCKHOLM drew strength from lower debt market yields and better than expected earnings from Sandvik. The Affarsindex rose 16.7 to 1,031.3, a 3.1 per cent rise on the week.

Sandvik's B shares rose SKr13 to SKr46 as the company unexpectedly raised its dividend and a fall in profits proved not as bad as feared.

SOUTH AFRICA

GOLD shares improved on renewed foreign demand and the index added 60 to 993, after a day's high of 1,010. The overall index improved 35 to 3,864 and Industrials 2 to 4,406. De Beers gained R3 to R88.80 while V&L Refs rose R11.50 to R173.50.

ASIA PACIFIC

Hong Kong continues in record territory

Tokyo

STRONG buying interest in NIPPON Telegraph and Telephone gave some support to the market but general activity was dull, agencies report from Tokyo.

The 225-issue Nikkei average added 58.09 to 16,517.70 after a day's high of 16,546.12 and a low of 16,585.12, slightly down on the week.

Volume was estimated at 270m shares, up from 244.5m on Thursday, with declines outnumbering gainers by 498 to 443, while 197 issues were unchanged.

The Topix index of all first section stocks advanced 2.30 to 1,988.51.

Brokers said that the market will continue to be dominated by quiet trading in individual issues until the government announces more measures to boost the economy.

NTT resumed its recent rally, climbing Y89,000 to Y705,000 in heavy volume of 69,000 shares on buying by public pension funds.

Related issues also rose with Nippon Comsys up Y26 to Y745 and Fujikura Y26 higher at Y766.

NTT has been the market leader for most of this week on expectations of more government investment in communications. NEC rose Y41 to Y861 on public fund buying.

Reports that an immunosuppressive drug for liver transplants, developed by Fujisawa Pharmaceutical, was nearing approval sent the company's shares up Y87 to Y845.

Pioneer fell Y30 to Y1,880 on news that it may post a loss in the last 1992/93 quarter.

Stocks linked to Japan Railway moved ahead further on speculation that the privatised rail system may benefit from infrastructure spending.

Roundup

PACIFIC Rim markets found widely mixed fortunes.

HONG KONG remained in record territory as the market gave a guarded welcome to Governor Chris Patten's comments on the latest state of

play in the dispute with China on the colony's future.

The Hang Seng index rose 35.01 to a second consecutive all-time high close of 5,028.81, for a weekly rise of 2.3 per cent. Turnover remained heavy at HK\$4.7bn with continued strength from demand seen from domestic, US and Chinese investors.

Shares dipped shortly after the opening as profit-taking took the index down almost 40 points, but confidence re-emerged before Mr Patten addressed the Legislative Council.

"In the event, the speech was neutral to positive, fully justifying the rally we have seen so far," said one analyst.

HSBC Holdings, which will report earnings mid-month, led the active and rose HK\$1 to HK\$65. Its Hang Seng Bank unit, which posted a 26 per cent rise in profits, added HK\$2.50 to HK\$67.

AUSTRALIA continued lower, under pressure from weak News Corp shares and uncertainty in the run-up to the election. The All Ordinaries index closed 9.3 points down at 1,613.6, little changed on the week.

News Corp, which said its options issue raised \$507 million, fell 15 cents to \$27.15 as 8.2m shares changed hands. Brokers explained that the 5.5 per cent yield on News America Holdings' liquid yield option notes was higher than expected, leading to the sale of shares in favour of the new security.

TAIWAN turned back after its strong run earlier in the week and the weighted index finished 5.47 lower at 4,731.85, a 10.6 per cent rise on the week.

SEOUL recorded a new low for the year after falling for the eighth consecutive day. The composite index dipped 5.66 to 615.57, for a weekly decline of 4.6 per cent.

BUMAY suffered a round of selling by speculators who had overbought ahead of last week's national budget. The BSE index fell 60.93 to 2,471.74 after recovering from a low of 2,439.50, down 11 per cent on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MARCH 4 1993	WEDNESDAY MARCH 3 1993	DOLLAR INDEX
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Found Starting
Australia (68)	135.00	+0.2	137.65
Austria (18)	150.75	-0.1	153.72
Belgium (42)	141.94	+0.3	144.73
Canada (113)	121.93	+1.0	124.33
Denmark (33)	203.95	+0.7	207.96
Finland (23)	75.20	+2.1	76.88
France (98)	113.83	+1.1	116.65
Germany (82)	260.88	+0.4	268.01
Hong Kong (55)	141.33	+0.1	144.72
Ireland (16)	108.86	+0.6	110.90
Italy (75)	127.06	+0.2	129.51
Japan (472)	277.06	+0.7	282.51
Malaysia (69)	1518.22	+1.3	1546.08
Mexico (11)	162.72	+0.8	165.92
Netherlands (25)	140.16	+0.3	142.81
New Zealand (13)	228.80	+0.2	232.20
Norway (22)	160.78	+0.6	163.94
Singapore (38)	126.87	+0.8	129.36
South Africa (80)	184.07	+0.7	188.11
Spain (46)	126.87	+0.8	129.36
Sweden (33)	141.33	+0.1	144.72
Switzerland (56)	144.36	-0.2	147.22
United Kingdom (226)	170.29	-0.1	173.63
USA (522)	182.65	-0.5	186.25
Europe (778)	140.99	+0.2	143.76
Nordic (114)	152.36	+0.8	155.36
Pacific Basin (715)	114.61	-0.2	118.87
Euro-Pacific (1493)	125.26	+0.0	127.74
North America (835)	126.87	+0.4	129.36
Europe Ex. UK (562)	172.86	+0.3	176.26
Pacific Ex. Japan (245)	141.33	+0.1	144.72
World Ex. US (1694)	126.87	+0.8	129.36
World Ex. UK (2146)	144.36	-0.2	147.22
World Ex. Japan (1734)	164.99	-0.2	167.83
The World Index (2205)	144.36	-0.2	147.22

Copyright The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited. 1997. Latest prices were unavailable for this edition.

FUTURES & OPTIONS TRADERS
BERKELEY FUTURES LIMITED
15 PARK ROAD, REGENTS PARK,
LONDON N1 9LA, ENGLAND
TEL: 071-224 8489
FAX: 071-224 8275

TAX-FREE SPECULATION IN FUTURES
To obtain your free Guide to how your Financial Broker can help you, call Michael Murray or Ian Jordan on 071-528 7233 or write to us: IG Index Plc, 9-11 Grosvenor Gardens, London SW1W 0BD.

One Chart Equals One Hundred Stories
Profit from 5 chart types: UK, European and International Equities (BSE charts), Currency and Foreign Commodities and FFI (BSE & bar charts).
For professional investors, traders and experienced chart readers.
Ideal's year, call David Kelly of Susan Rigg for details.
Tel: London 71-232 7173 (071 in UK) or fax 71-439 4246.

FOREIGN EXCHANGE SERVICE
24 HOURS
MEMBER SFA
Call now for further information

SATQUOTE
REAL-TIME NEWS VIA SATELLITE
* AP-EXTEL * PR. NEWS * MARKET NEWS *
* FUTURES WORLD NEWS *
CALL - LONDON 071-329 3377 / FRANKFURT 69 638 021

Bonds, Currencies, Energy, Metals
Objective analysis & strategies for the professional investor.
Trend Analysis Ltd
Futures House, 22 Grosvenor Street,
Westminster, London W1C 2BQ, UK
Tel: 01-632 917654

MORE INFORMATION AT YOUR FINGERTIPS
The NEW Futures Page now updates every two Currencies, Indices, Futures and Interest Rates every 2 minutes, 24 hours a day.
Call 071-895 9400 now for your free trial.
FUTURES PAGER

THE BUSINESS SECTION
appears every Tuesday & Saturday.
To advertise please contact
Karl Layton on 071-873 4780
or write to him at
The Financial Times,
One Southwark Bridge, London SE1 9HL.

For FX Professionals Only:
Call Today for Your
Complimentary Copy
+44 71 240 2090

Questcorp
The fastest most reliable service used by Institutions World-wide.
Global Futures Options Forex News Via FM.
Available on your portable or desktop PC at the lowest possible price.
For further information call: 071-972 9772.

Market Myths and Bull Forecasts for 1993
Corporate profits will soar, bonds have had their day, the US dollar is in a bull market. You did NOT read that in *FullerMoney*, the iconic investment letter.
Call Jane Farquharson for a sample issue (once only).
Tel: London 71-439 4261 (071 in UK) or Fax: 71-439 4265

FOREXIA FAX \$ Dm \$ V
An eight year track record of successful forex forecasting daily.
Comments, forecasts, recommendations & charts from London and New York.
Tel: +44 81 948 8316
Fax: +44 81 948 8489

INVESTMENT TRUSTS - CONT.

Company	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542</
---------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	--------

REVISED 2-1-1

Constitutional claim to Ulster could be altered

Dublin woos Unionists with new terms for talks

By Tim Coome in Dublin

THE IRISH government yesterday made a series of conciliatory overtures to the Protestant majority in Northern Ireland, saying the republic's constitutional claim to the province was not "cast in bronze, incapable of change".

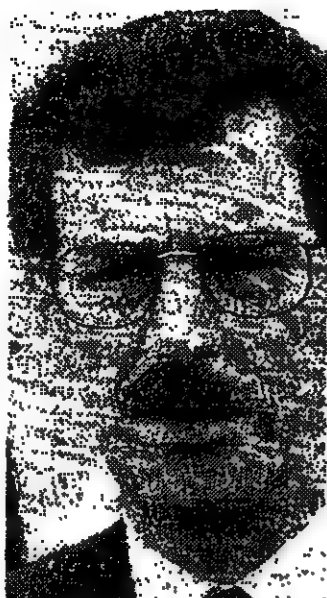
Mr Dick Spring, foreign affairs minister, urged Unionist parties to return to the negotiating table. "I want to see an accommodation on the constitutional issue which is reasonable and fair to all," he said.

The reaction in Whitehall was cautiously upbeat. Sir Patrick Mayhew, Northern Ireland secretary, hopes the new Irish government will help end the political deadlock in the province. But Mr Spring's overtures were given a chilly response by Unionist leaders, suggesting any breakthrough remains elusive.

All-party talks on Northern Ireland, embracing the UK and Irish governments and the four main constitutional parties in Northern Ireland, broke down last November without agreement.

The Unionists insist the republic must drop its territorial claim to the north if progress is to be made.

Mr Spring said yesterday that his government was committed to the principle, laid out in the 1985 Anglo-Irish Agreement, that there would be no change in the status of Northern Ireland without the consent of the majority there. "We will be quite ready to confirm and elaborate that principle in various ways as Unionists might wish, in any new agreement that transcends the



Dick Spring: overtures to Ulster

Anglo-Irish Agreement... our historic challenge now is to show beyond all doubt that the nationalist commitment to the principle of majority consent is meaningful and genuine," he said. "Our besetting failure on the nationalist side has been a persistent tendency to underestimate the depth and strength of the Unionists' identity. We are perhaps only now coming to terms with the full dimensions of this reality," he said.

"The constitution was never intended to be an obstacle to mutual understanding on this island and our people would never wish it to be so," Mr Spring said. "It is no longer a question of

whether we 'could' or 'would' put an agreed package [on constitutional reform] to the people in a referendum. We are pledged in our governmental programme to do so."

"But we clearly see the need to get around the table to work out how a generally acceptable package might fairly accommodate the deep divisions, including the divisions on constitutional issues, which are the source of the conflict."

Mr Spring also proposed the drawing up of a new agreement or covenant, "guaranteeing that whatever the circumstances, there will always be full respect and fair dealing between us on this island. We could agree certain fundamental principles to govern all future relationships and entrench them beyond the reach of all changes in regard to sovereignty."

Mr Spring hinted that he might be prepared to travel to Belfast to restart bilateral negotiations with the Unionists, and added: "We must at some time reach the point where all of us around a table can say to each other: this is a very difficult for us, but it is a just and fair compromise." Mr Peter Robinson, deputy leader of the Democratic Unionist Party in Northern Ireland, responded negatively to the offer, saying: "Between my door and his door there is a road which has a very large obstacle placed on it, which he alone and his country can remove - that must be the priority."

"He has to face up to the reality that you cannot have a new relationship until the Irish Republic removes its claim to our territory."

Consumer group calls for tougher investor protection

By Norma Cohen, Investments Correspondent

SELF-REGULATION of the financial services industry has failed the consumer and should be replaced by a statutory Office of Investor Protection, the Consumers' Association said yesterday.

The group, in a review of the six-year-old Financial Services Act, said the current system was "far too deeply flawed" to be remedied easily and the entire act should be scrapped.

While acknowledging that the act had made some demonstrable improvements in protecting investors, particularly in the provision of a compensation scheme for those who have suffered losses, it said there were far more shortcomings.

"There is considerable evidence that the regulatory system has delivered inadequate standards of monitoring and enforcement, resulting in unacceptably high levels of fraud and widespread mis-selling," the association, a voluntary organisation with more than 800,000 members, said.

Much of this stemmed from the "commission bias" in the sale of personal financial products. This encouraged agents to push products which earned them the highest commissions rather than those which were most appropriate to the individual consumer.

Charges to consumers are deducted in the first few years of a policy's life. As a result, those who surrender early lose most or all of their premium payments. The association estimated that the annual loss to consumers in the first year of the contract being signed was about £250m.

The association said the current Financial Services Act, which allows many firms to choose between several self-regulatory bodies, had created "regulatory arbitrage", allowing large integrated groups to shop around for the most sympathetic regulator.

In citing evidence of widespread mis-selling, the association noted that during the 1988-89 tax year, personal pensions were sold to 63,000 women with no earnings who did not even qualify for such plans.

It also cited the results of its study of mortgage lenders which were also selling insurance products. In all but one of 28 cases, borrowers were advised to purchase a long-term endowment policy and 13 of the lenders falsely informed borrowers that the endowment was the cheaper option.

The association recommended that a regulator be established similar to those overseeing public utilities. A Director General of Investment Protection would have statutory powers to require compliance by any investment industry sector.

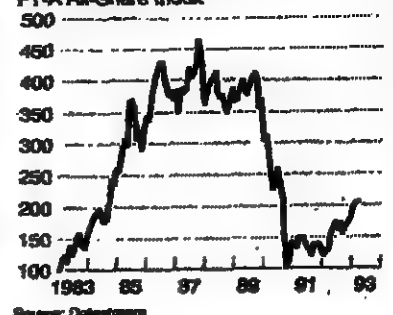
THE LEX COLUMN

On the high wire

FT-SE Index: 2922.1 (+17.3)

Cookson

Share price relative to the FT-A All-Share Index



As well as bringing gearing to a more comfortable level, there will be cash left over for acquisitions. In the light of history, it is tempting to conclude shareholders are being asked to give the company enough rope to hang itself. But after two years' consolidation under new management and with the cycle turning in its favour, Cookson may deserve some leeway.

It has to do something. There is little chance of squeezing much more than £1.5bn turnover from its slimmed-down set of businesses. Even if it reaches a target return on sales of 10 per cent - and allowing for a modest interest charge - that might imply pre-tax profits of perhaps £140m at the peak, possibly three years away on an optimistic view. On that basis, the shares were starting to look fully valued before yesterday's announcement.

UK banks

UK bank shares have risen by over 50 per cent since sterling left the ERM last September. Until the current results season, the rise seemed justified on the basis that lower interest rates would gradually float the sector free of bad debt provisions. The optimism now seems overdone. Though Barclays was the worst performer, there was a general trend for bad debts to rise between the first and second halves of 1992. This may be stubbornly slow to fall in 1993. There will be less topping up of old provisions, but economic recovery tends to stretch small businesses and provisions on European lending look set to rise.

Nor is the outlook for operating profits encouraging. Though 1992 pro-

duced increases of 20 per cent and 18 per cent at National Westminster and Barclays respectively, Lloyds and Midland, which are further down the cost-cutting road, saw hardly any increase at all. Loan demand is flat and there is limited scope for repeating the money market profits generated from the steep fall in interest rates last autumn. Those who fear more nasty surprises on provisions might be attracted by a defensive stock like Lloyds. It can virtually guarantee real dividend increases, but may not manage sufficient growth in operating income to justify its present price. Arguably Barclays is on the least demanding rating in terms of operating profits. Yet those who buy today may have to wait till 1995 or 1996 before provisions return to more normal levels.

US economy

The rebound in US employment during February seems to confirm the evidence of a widespread and strong recovery. Recent purchasing managers surveys and sharp growth in the last quarter of 1992 point in the same direction. But care is needed in interpreting the figures. A large number of the new jobs were part-time and concentrated in the retail and construction sectors, while manufacturing jobs showed only a slight increase. And given that employment growth was unexpectedly weak at the end of 1992, the seasonal adjustment of the figures may be faulty.

Consumer confidence has also been falling, which is hardly consistent with rapidly improving employment prospects. That decline has accelerated since President Clinton unveiled his deficit reduction plans. Individuals may already be retrenching in the expectation of tax increases, while the beneficiaries of his fiscal stimulus have not yet been clearly identified.

Modest growth concentrated on construction, with productivity improvements providing most of the boost in manufacturing, may reassure the bond market. Long yields around 6.75 per cent would thus prove sustainable. If growth falters, they may even fall further. But equities will struggle harder. Firms have marked time for two years on the expectation of recovery. Ratings have fallen as earnings have recovered. On estimated 1993 and 1994 profits Wall Street does not look expensive, but neither is it a steal. With sustained growth elusive, there may be more waiting to come.

Plan approved for £200m north-west shopping centre

By Vanessa Houlder, Property Correspondent

A £200m SCHEME for one of the largest out-of-town shopping centres in the UK yesterday won planning permission from Mr Michael Howard, environment secretary.

The 300-acre Trafford Centre near Manchester, which will have 1m sq ft of shopping and sports facilities, will be the largest retail project in the north-west of England.

Work is expected to begin on the scheme within two years and is likely to be completed by 1997.

If it goes ahead as planned, its scale will be matched by only a handful of other regional shopping centres built in the last seven years, such as Merry Hill at Dudley in the West Midlands, Meadowhall in Sheffield, Lakeside at Thurrock in Essex and the MetroCentre in Gateshead.

Retailers, property owners and councillors in the centre of Manchester fear the project will draw business away from the city. "A development of this size will have a profound effect on the town centre," said Mr John Ellison of MEPC, Britain's second largest property company.

Critics of the scheme said Mr Howard's decision appeared to cut across draft planning guidelines issued by the government at the end of last year. These favoured planning restraint for out-of-town shopping centres to protect existing centres.

Property experts said it was likely that the Trafford Centre would be the last large shopping centre to win planning approval. Mr Howard said he accepted the conclusions of a planning inspector that, with some improvements to the motorway junctions, the motorways could cope with the extra traffic.

Very few property schemes have been initiated since the property market began its decline three years ago. But Mr Robert Hough, chairman of Manchester Ship Canal Company, the developer of the site, said he was confident of attracting finance and tenants. "It is a greenfield site, linked to three motorways with a large car park on its doorstep. It will be a magnet into the north-west," he said.

More than 7m people live within an hour's drive of the site which is bounded by Trafford Park, the M63 and the Manchester Ship Canal.

The site has been used as agricultural land by the Manchester Ship Canal Company since the 1920s. It falls within the responsibility of the Trafford Park Development Corporation, an urban renewal body.

Six years of wrangling. Page 7

Congdon

Continued from Page 1

members were "free agents".

Prof Congdon said he wanted to expose "fundamental misunderstandings" among many supposed experts in economic theory. He wanted to remain on the panel, which met first only two months ago, but felt it vital for the group to change its remit to look more fully at money supply.

He believes economic demand is influenced largely by the amount of money in the economy, controlled by interest rates and other measures. As a result, a tax rise would not necessarily prevent a recovery.

Hurd leads onslaught on rebels

Continued from Page 1

In July or early August.

Mr Clarke told reporters that the Conservatives had always tolerated dissent but the cabinet now judged that it was threatening the authority of the government. "Enough is enough in what we are now saying to the Euro-rebels," he said.

That forebodes several fresh confrontations with the party's Eurosceptics over the next few weeks as Tory business managers seek to accelerate the pace of the detailed scrutiny of the legislation in the House of Commons. But senior ministers were empha-

sising privately that the cabinet was now determined to staunch the wounds inflicted by the ratification process.

In an effort to detach the dissenters on the Tory backbenches from their local constituency associations, Sir Norman issued a blunt demand to the activists at yesterday's meeting of the central council for loyalty both to the government's European policy and to Mr Major personally.

In deliberately uncompromising language, Sir Norman said party unity could not be regarded as an "optional extra" by Tory MPs, reminding them that they should "never forget" that Mr

Major had led the Conservatives to their fourth election victory. For his part, Mr Heseltine accused the Euro-septics of undermining Mr Major's influence with his European counterparts in future negotiations.

Sir Norman made a veiled threat that senior MPs opposed to the treaty might risk their executive seats on the 1992 committee of backbench MPs if they continued to vote against the government on procedural motions.

Senior ministers, however, played down suggestions from some pro-European that rebel Tory MPs might face expulsion from the party.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)				Paris				New Spain				Kingfisher			
Bayer	1005	+	15	Agip	344	-	5	Agip	5212	+	26	Kingfisher	542	+	17
Boehringer	1080	+	30	Elf	344	-	5	Elf	5212	+	26	Kingfisher	542	+	17
Chemie	875	+	30	Elf	344	-	5	Elf	5212	+	26	Kingfisher	542	+	17
Continental	255	+	10	Elf	344	-	5	Elf	5212	+	26	Kingfisher	542	+	17
Schering	756.5	+	13.5	Elf	344	-	5	Elf	5212	+	26	Kingfisher	542	+	17
Falco				Elf	344	-	5	Elf	5212	+	26	Kingfisher	542	+	17
BMW (B)	482	-	10	Elf	344	-	5	Elf	5212	+	26	Kingfisher	542	+	17
New York (\$)				Paris				New Spain				Kingfisher			
Alcoa	70.1	+	1.3	Elf	344	-	5	Elf	5212	+	26	Kingfisher	542	+	17
Goodrich	71.3	+	1.3	Elf	344	-	5	Elf	5212	+	26	Kingfisher	542	+	17
Hecht-Packer	77.3	+	1.3	Elf	344	-	5	Elf	5212	+	26	Kingfisher	542	+	17
Metacore	62.1	+	2.4	Elf	344	-	5	Elf	5212	+	26	Kingfisher	542	+	17
Solomon	40.3	+	1.3	Elf	344	-	5	Elf	5212	+	26	Kingfisher	542	+	17

World Weather

UK Today: Dry and bright in the south-east and Midlands and there will be sunny spells over eastern coastal regions up to north-east Scotland. Elsewhere it will be cloudy with outbreaks of drizzle. Fairly mild.

° C	° F																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							</
-----	-----	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	----

Weekend FT

SECTION II

Weekend March 6/March 7 1993

Russia: the country that lost its soul to vodka

John Lloyd reads an extraordinary book that purports to be a history of the national drink but is actually a lament on the passing of socialism

"Officials have found a uniquely Russian use for a nuclear power plant (at Nizhny Novgorod). They plan to turn it into a vodka distillery... But many townspeople are furious, the Tass news agency said. Nizhny Novgorod has plentiful supplies of liquor but is desperately short of heating."

Reuters from Moscow, February 5 1993

FROM THE reign of the tsars to the fall of communism, vodka has been part of Russia's life. It is said to have been invented by monks there. It was celebrated for its exquisite purity on the old estates, and standardised for socialist mass production. It then became a symbol of despair, mass drunkenness and inefficiency during the decline of the Soviet Union. Now, author William Pokhlebkin - in an extraordinary book called, rather misleadingly, *A History of Vodka* - has turned the story of the "greatest drink in the world" into a lament for the passing of socialism in his country.

The story began in the 1970s when the Soviet state was faced with challenges from foreign vodka companies. They claimed Soviet producers could not call their product vodka because the drink had first been marketed elsewhere well before the Soviet monopoly was established in 1923, following an early post-revolutionary ban. But this challenge was seen off relatively easily.

Poland made a more serious claim early in the 1980s when it said vodka had been developed during its 18th century imperial period,

when the nation stretched from Silesia to western Ukraine and north to Lithuania. Shaken, the Soviet Ministry of Foreign Trade asked experts to prove Russia was first. It turned for help to the Institute of History and the Higher Scientific Research Institute of the Fermentation Products Division of the Central Department of Distilling of the Ministry of the Food Industry. They failed.

Enter Pokhlebkin, a communist of the old regime who, as a civic duty, undertook "objective historical research." The result is this book. Without question, the cold simplicity of vodka is an invitation to toss a glassful down the throat and wait, eyes watering, for the lovely blast in the stomach as the liquor explodes. It lacks the subtleties of whisky and the bourgeois splendour of brandy but, in its craggy purity, it stands on a peak of its own. It is worth a defence. Pokhlebkin provides that - and more.

He goes about his task rather as an objective Soviet examining magistrate would have described the state's case against a dissident before proceeding to take the "evidence." According to Pokhlebkin, western leaders were behind the first challenge, mounted in 1977 just before the "triumphant festivities" celebrating the 1917 revolution's 80th anniversary and the adoption of the new Soviet constitution. This was done in order to "take the gloss off the birthday of Soviet socialism."

The Polish attack was worse, coming from a fraternal state. But, in Pokhlebkin's words: "Only now, more than a decade later, has it become clear to everyone that there



was nothing accidental, or even purely commercial, about the Polish action. Anti-Soviet factions had long been gathering strength in Poland. They were closely linked with various reactionary circles in Europe and America, and it was obvious even then that they were acting as agents for the western 'vodka kings'. For the Soviet foreign trade organisation, the situation was both unexpected and thoroughly unpleasant: our people were not accustomed to disputes with allies.

Pokhlebkin's knowledge of history appears not to include the invasions of Budapest and Prague but he is better on earlier periods. He says the first alcohol available

in Russia was wine, imported from Byzantium and Asia Minor from the ninth century. Mead, a stronger drink brewed from honey, became widespread from the 12th and 13th centuries when wine stopped coming. When honey supplies eventually ran short, kvass, a grain-based mead, became generally popular. Pokhlebkin notes that it became "more powerful and stupefying" by the end of the 14th and beginning of the 15th century - in one case, in 1382, causing the surrender of Moscow to besieging Tartars because their promises of gentle behaviour were believed by the drunken defenders.

Pokhlebkin claims vodka was first produced in a Moscow monastery between 1440 and 1470, and believes this dating can be deduced from a correct reading of the socio-economic conditions at the time. Only when alcohol could shake off its identification with ritual and religion and become a commodity in a money economy; only

hands, introduced purifying processes for the water "regardless of cost." In the industrial period, other refinements were made, such as introducing aerated water. "All of this contributed to the creation of modern vodkas: that is, of a vodka which is not simply a means of getting drunk but a complex national product embodying the historical and technological imagination of the Russian people." The gentry, getting grain and labour more or less free from their vast estates and able to tolerate yields of less than 2 per cent, were able to pursue ways of making vodka as pure as possible - a process accelerated when the state banned the general trade in it and all production had to be for the gentry only.

This cosy arrangement was disrupted by 19th century capitalism which, Pokhlebkin says, "was disastrous for the common people." They were deluged with cheaper-to-make potato and beet vodka, "leading to the most unrestrained drunken-

ness." To raise quality again, the state was forced to intervene and establish a monopoly at the end of the 19th century. Pokhlebkin writes: "This policy of strict state control was continued and applied consistently after the revolution of October 1917 (and) has saved vodka as a product prepared to a high standard from deteriorating."

Evidently, Pokhlebkin does not think it worth considering that another method is used in capitalist countries to safeguard the quality of their (inferior, in his view) spirits - excise controls on private production. For him, as for so many Russians, there is nothing between the strong state and chaos. "A monopoly on vodka has always been a distinguishing feature of strong stable regimes and tranquility within the state," he writes. "As soon as something disturbs the orderly course of domestic politics, the state loses control of vodka. And as soon as vodka is torn from control of the state, all conceivable disorders break out in domestic politics. Vodka clearly constitutes an effective index of the state of health and society."

In a resounding climax, he casts aside the skimpy robes of the "objective scientist" for the battle-dress of the class warrior. The true Russian drink found its ideal state from 1917 until 1937: it was, after 1923, produced but kept within rational limits by a (Communist) party morality and by severe laws against drunkenness. Only after 1937, when the production of alcohol of all kinds was expanded, did

Vodka was not called that universally until the 19th century when it went into full-scale industrial production: earlier, it was known widely as *Russkoye vino* (Russian wine). The name arose when producers, who conducted the process by which a grain distillate was diluted constantly with water (vodka), applied the diminutive of that word (*vodka*) to their product. It quickly became general.

Pokhlebkin records how the gentry, with time hanging heavy on their famously underemployed

Continued on Page XIV

CONTENTS	
Finance & Family: Redundancy: a guide to your rights	III
Food & Drink: Getting the blues at a variety match	X
Press Review: The pin-up girl comes to eastern Europe	XV
Gardening: Robin Lane Fox on England's lost Arcadia	XVII
Fashion: Lucia van der Post on cashmere comforts	IX
Collecting: Maastricht's fun of the fair	XVIII-XIX



Arnold Wilson's guide to Les Trois Vallées, one of the world's biggest skiing areas. Page XIV

Arts	XIX-XXI
Books	XXII
Bridge & Chess	XXIII
Circus	XXIV
Fashion	IX
Finance & Family	XV
Food & Drink	X
Gardening	XVII
How To Spend It	XVIII
Markets	XXV
Motoring	XXVI
Private View	XXVII
Sport	XXVIII
Michael Thompson-Noel	XXIX
Travel	XX
TV & Radio	XXI

The Long View/Barry Riley Breaking the banks



IF YOU are a banker the hardest thing can be to live up to your image. When the Royal Bank of Scotland introduced, in these competitive times, a £400 a head staff bonus based upon the level of extra charges that could be squeezed out of customers, the bank seemed surprised that this was at odds with what the customers expected. That friendly bank manager is not just in a cupboard, he has long since taken early retirement, to be replaced by a financial product salesman.

During the 1980s the cosy banking cartel was already collapsing but the monetary boom carried the UK's credit institutions up to wonderful but dangerous new peaks. The cost has subsequently become evident in huge bad debt provisions: thanks largely to this week's dreadful results from Barclays, aggregate provisions of the Big Four clearing banks have climbed to £5.8bn for 1992, against the already staggering £5.3bn for the previous year.

Only during the past year or so has the size of the banking industry more or less stopped growing, as measured by the broadly-defined money supply, M4. Over the past year it has risen by 3.1 per cent for the past two years it has grown only roughly in line with nominal national income. In the 1980s, however, M4 grew by 16 per cent a year, driven by deregulation, by a political desire to finance a huge expansion of home ownership through the short-term credit market, and by attempts to restrain the economy through high interest rates which diverted long-term savings into the banking system.

Ten years ago M4 was numerically about 50 per cent as large as national income, today it is more than 80 per cent. Is this shift, as the Treasury has been inclined to argue, simply the natural result of deregulation, and therefore benign, or does it indicate a huge misallocation? The scale of the economic misdirection of the late 1980s in property and elsewhere, and the subsequent bad

debt write-offs, would indeed suggest a large element of distortion. The collapse of some of the agents of this miscalculation, the banks, would seem appropriate. But because they are a protected species this is not allowed (and in countries like Norway and Sweden they are being propped up by the state).

That much is common ground: collapsing banks would create still greater mayhem. But a more dangerous dogma is now being promoted by the monetarists, that the banking system must not even be allowed to shrink. The real money supply must keep growing if there is to be economic recovery. The already bloated banks must be kept expanding, somehow.

Not even the banks appear to believe wholly in this doctrine. Brian Pearce, Midland's chief executive, has said, please, may the banks at least be allowed to opt out of small business lending, which has proved to be such a disaster? Unless, of course, the government would like to offer a subsidy... Indeed, it is hard to see how the banks and building societies can sustain their deposit volumes. The aggressive search for viable borrowers in the 1980s proved to be self-defeating. The company sector as a whole halted its net borrowing from banks back in 1990, and can now easily finance itself through the equity and bond markets. The overhang of debt-financed commercial property will gradually be mopped up by long-term corporate and institutional investors. The personal sector is the most overborrowed of all, and although household mortgage debt continues to rise slowly, most individual borrowers are keen to reduce their debt.

This leaves the public sector as the banks' only saviour. The Americans, remember, have already taken the route of selling large quantities of public sector debt to their own banking system, to shore up their profits and balance-sheets (though even so broad money has contracted). But for this to happen in the UK there will need to be created a large gap between money

market interest rates and the yields on two- to five-year securities. At present this gap is much too small. Money market rates would have to be cut to 4 per cent, in which case sterling would tumble, or alternatively there would have to be aggressive sales by the authorities of short-dated gilts at yields of about 7 1/2 per cent, in which case the stock market would be vulnerable, and the private sector would be damaged.

In any event, if the power of the banks is left unchecked they will inevitably undertake a further damaging charge in some wrong direction or another. When the banking herd stampedes it is guaranteed to generate a self-fulfilling boom, then a self-destructive bust. Lord Alexander, chairman of NatWest, blamed the damage done to the banks by extreme economic cycles without drawing the lesson that the banks themselves were largely responsible for the economic overheating.

The banks will not this time gallop into Third World debt or small company finance - history does not repeat itself so precisely. In fact the next danger area is likely to be insurance: the banks' involvement began with life insurance, but judging by the plans of Abbey National this week a move into general insurance underwriting may follow, including the self-insurance of mortgage indemnity risks.

Do the banks understand these non-banking risks, given that they failed to comprehend the risks of property lending or small business finance? The banks should stick to their core business: processing simple financial transactions, dull though that may appear. Their non-executive directors should say so; otherwise, in a few years, they will all feel as embarrassed as the non-execs at Barclays have been this week.

It is not just that your banker is sipping you up as an unsuspecting mug putter who can earn him bonuses. It is that respectable bankers in their dignified parlours repeatedly act as reckless gamblers. Those monetarist economists should draw the conclusion that a falling M4 might not be such a disaster after all.

Only one range of international Money Funds scores Triple A.

For all investors, security is the key concern. With Fidelity Money Funds, you have all the reassurance you could wish for.

In the first place, deposits are made only with banks chosen and continuously monitored for their creditworthiness. And the Funds have been awarded Moody's Triple A rating (Aaa) for investment quality - the highest available. That's a higher rating than 99% of banks around the world.

Wherever in the world you find yourself, Fidelity Money Funds offer a flexible, tax-efficient offshore alternative to a deposit account. The Fidelity

organisation looks after over \$60 billion in cash products worldwide and is committed to providing high returns on your money.

We offer wholesale interest rates on any of 16 major currencies, paid out or accumulated gross.

And you can buy, or convert between, currencies at extremely favourable rates of exchange, without charge.

There is no minimum investment and when you need your cash, usually it can be remitted electronically to your bank account anywhere in the world free of charge, within three business days.

The distributor of Fidelity Money Funds is Fidelity Investments Distributors, Bermuda. For more detailed information, including current interest rates for each currency, just contact one of the Fidelity offices below, or return the coupon.

UK Tel: 44 732 777377 Fax: 44 732 938888
Jersey Tel: 44 534 888888 Fax: 44 534 34244
Hong Kong Tel: 852 2481000 Fax: 852 245 2808

Luxembourg Tel: 352 250 404 231 Fax: 352 250 240

Fidelity Investments, European Source Centre, 3rd Floor, Kennedy House, Place de la Liberte 17, 1-121 Luxembourg, Luxembourg. Please send no more than one coupon to Fidelity Money Funds.

Name (M, Mrs, Miss)

Address

Postcode

Country To



It is used by Fidelity Investments International

MARKETS

London Markets

Honourable mentions

By Peter Martin, Financial Editor

JOHN MAJOR'S reform of the honours list encourages everyone to suggest potential honorees. Here are this column's nominations: Lord Schlesinger of Hesse. For services to the London stock market above and beyond the call of duty. By first hinting at a German rate cut over the weekend, then appearing to rule it out, then finally delivering a quarter-point cut in money-market rates on Friday, Helmut Schlesinger, president of the Bundesbank, provided exactly the sort of flirtatiously delayed consummation the market likes. Shares in London set not one but three FT-SE 100 closing highs in response on Monday, Wednesday and Friday, closing the week at 3,221.1, up 54.1. The Mid 250 and SmallCap indices also did well.

■ Sir Andrew Buxton. For services to builders, suppliers of mobile phones, makers of gold-plated Rolls-Royces and tailors of alpaca overcoats. Barclays' dismal results on Thursday illustrated just how lavishly the bank Andrew Buxton chairs has indirectly subsidised these businesses over the past five years: of the £2.6bn charged for bad or doubtful

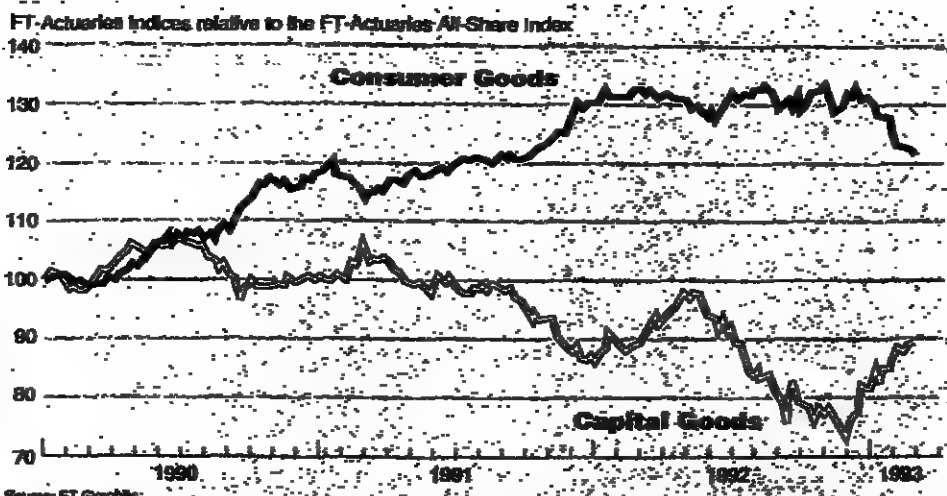
loans in 1992, £800m were to property developers, and they spent every penny of it. Let anyone think that Buxton merely looked into this award, we reprint alongside what Lex said when the bank made its infamous rights issue in 1988. This was a planned disaster.

■ Brian Pearce CBE. For services to amnesia. By delivering Wednesday's healthy results at Midland (pre-tax 1992 profits up 394 per cent to £178m) he has managed to make everyone forget that he was Barclays' finance director at the time of the 1988 rights issue.

■ John Birt OM. For services to Companies House. By channeling his pay through a private company, the new director-general of the BBC produced a surge of revenue for the companies registrar, as newspapers rushed to commission company searches on every media executive they could think of.

■ Sir Christopher Hogg GCVO. For services to corporate governance. After advising the Cadbury committee (main recommendation: companies should usually split the roles of chairman and chief executive) he retired as non-executive chairman of Courtaulds Textiles - leaving Martin Taylor, chief executive, to combine the two titles.

■ John Ashcroft BEM. For services to the insolvency courts. Most people restrict them-



What Lex said about Barclays' 1988 rights issue

The sheer scale of the appetite for capital of the London clearing banks never ceases to amaze. But even so, Barclays' £221m rights issue, coming only three years after it raised £507m, is breathtaking both in its size and its arrogance. Here is a bank whose performance over the last few years has been modest at best, asking shareholders to stump up the equivalent of more than three years of retained earnings to enable an aggressive new management team to embark on an untested growth strategy.

If Barclays had been a US bank trying to sell this message on Wall Street, it would have been almost certainly shown the door. Fortunately for Barclays, shareholders on the east side of the Atlantic appear less concerned about dilution of earnings and net asset value, and seem to have a trusting faith in the management's ability to put the money to good use.

Nevertheless, the sharp sell-off in bank shares yesterday signalled the general unease with Barclays' pre-emptive strike. UK banks, which account for less than 5 per cent of the total market capitalisation, have accounted for nearly a fifth of the total equity capital raised in the UK over the last five years, and their appetite shows no sign of abating. Now that Barclays has announced that it wants to dislodge NatWest from the top spot, it is not beyond the bounds of possibility that the latter might return for another monster slug.

Barclays argues that it needs the extra money to boost its market share. But given the stage in the economic cycle, this might not be the best time to begin pumping even more credit into the UK economy. Barclays had the worst last debt experience during the last recession and credit quality is one of the first casualties of any bid for increased market share. But at least Barclays will soon have plenty of capital to cushion itself against its future bad debts.

■ The Lex Column: April 8 1988

sees to one corporate bankruptcy per recession; he has managed two. Coleridge, which collapsed in 1990, is still fresh in the memory of its shareholders; now Ashcroft's recovery vehicle, Survival Aids, has also gone under.

The Bundesbank was not the only motive force behind the stock market's strong performance this week. Shares seemed to benefit from a virtuous circle of improving expectations. The recovery from the recession seemed at last - faintly - under way. Evidence for this came not just from an upbeat Treasury bulletin ("Retail sales rose strongly in January... demand and activity in late 1992 appear to have been, if anything, a little stronger than the autumn statement assumed"), but also from less parti pris quarters. House-builders, for example, reported new home sales up by a fifth in January and Febru-

ary. The stock market has anticipated this trend for some months, as the chart shows. It contains a couple of ad hoc unweighted share indices, constructed by the FT's Keith Fray, containing 30 "cyclical" companies (including BOC, Taylor Woodrow, Emap, ICI, and Rolls-Royce) and 30 consumer-product companies (Glaxo, Granada, Tesco, Unilever and so on). In late 1992, the recessionary trend - which favours the defensive consumer stocks against the cyclical ones - came to an end. Since then, cyclical shares have significantly outperformed.

To UK investors, the recovery may thus be old news. But the growing likelihood that the UK will be the EC's only big economy to show any sort of growth this year, coupled with a belief that the pound is safely off its lows, has triggered continental and American investment institutions into the market. Give 'em all OBE's!

Serious Money

The high costs of 'good' advice

By Philip Coggan, Personal Finance Editor

AROUND of applause to the British investing public for seeking out Cazenove's bond and utility fund, which had low initial and annual charges and yielded 7 per cent if held within a personal equity plan. Cazenove says it has raised £24m; and, although some of the money came from fee-charging financial advisers and some from the firm's own clients, the bulk came from small investors.

Fidelity's new income fund, which has a lower yield and higher charges than Cazenove (but still relatively low fees by industry standards), has raised £15m, mostly from the public. But, of the three funds launched last month, the most money - £45m - was raised by M&G, which had the highest initial charge of 4.5 per cent (0.5 per cent all told on Cazenove), and its annual charge is 1.5 per cent (0.5 per cent on Cazenove).

M&G is not being greedy. Its front-end charge is higher than the others because of the commission it is prepared to pay to those who sold the fund. And it says it raised around 90 per cent of its money from independent financial advisers and 70 per cent from the public.

Many contend that charges are irrelevant in the long run: what matters is performance. All well and good, except for two things. First, performance is unknown when an adviser makes a recommendation: the charges are set out clearly in black and white. Second, if two managers buy exactly the same stocks, the one with the lower charges will produce the better return. Buying the fund with low charges tilts the odds in the investor's favour. So, I find it hard to believe that it is sophisticated analysis, and not commission, which has pushed advisers in favour of M&G.

It has to be said that Fidelity, while having a lower charging structure, is offering the same 3 per cent commission as M&G; but Cazenove is not paying commission at all. One financial adviser group I met recently said it was not even mentioning Cazenove to its clients, because it would get no money for recommending the plan.

Many independent advisers do a good job for their clients; it is better that investors approach them than tied agents. But the system is still crazy. Imagine the outcry if newspapers wrote only about those companies which advertised on their pages.

The guidelines for financial advisers published last month by the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra) state quite clearly: "Members must take care to ensure that their recommendations are made on the basis of the client's best interests and not on the basis of the income generated for the member." Judging by speeches from Andrew Large, chairman of the Securities and Investments Board - the industry's chief regulator - he appreciates that the public is not being served well at the moment.

At the FT, we have favoured

advice based on fees rather than commission. We believe that paying the adviser yourself is the best way to ensure he acts in your interest and recommends the best products. But our view is not popular in the industry. Commission-based advisers argue that many investors are unwilling to pay fees, and that they have to earn a living somehow.

We still believe that many FT readers will have had experience of paying a fee to solicitors and accountants, and will be prepared to do so to an adviser. And if the public is unwilling to pay fees, the more newspapers tell them to do so, the quicker they will come round to the idea.

Many investors will prefer to rely on their own counsel, but those who do need to keep on their toes. One alert reader received a mail shot from Sharelink giving him the chance to invest in one of two indexed funds via a personal equity plan. Sharelink's special offer involves an initial charge of just 1.5 per cent plus an annual charge of 0.75 per cent on the PEP.

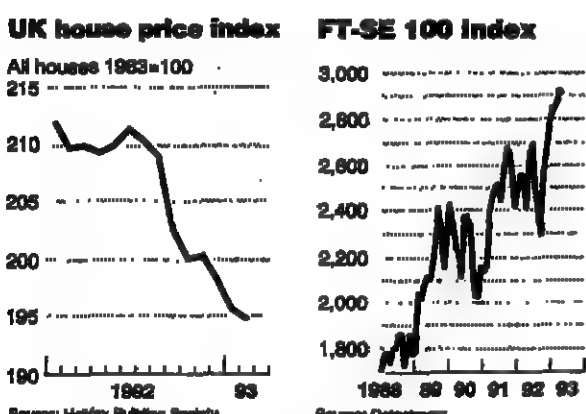
But the sharp-eyed reader noted that one of the plans chosen was Garmore's UK index fund, which had no initial charge and an annual fee of just 0.5 per cent. The effect of the Sharelink offer was to dilute one of Garmore's key advantages - its low charges.

Furthermore, the Garmore fund is available via a PEP from London broker W.I. Carr for just £30, plus VAT, a year. In its defence, Sharelink points out that it is making the fund available to small investors (the minimum lump sum is £250, compared with Garmore's normal £5,000); that investors can switch into the European index fund for free; and that the overall charges levels are still low. Nevertheless, the special offer is not so special for those who want to invest the full £5,000. But only a well-informed investor could have worked that out.

HIGHLIGHTS OF THE WEEK

	Price	Change	1992/93	1992/93	
	Yield	on week	High	Low	
FT-SE 100 Index	2922.1	+54.1	2922.1	2261.0	Anticipating German rate cut
FT-SE Mid 250 Index	3107.9	+71.8	3107.9	2167.8	Switching from blue chips
Abbey National	386	-12	403	245½	Profit-taking after preline
BKCC	374	+49	373	207	Recovery hopes/good figs
Barclays	408	-16	484	274	Final div halved/losses
Boddington	242	+39	243	146	30% improvement in results
Cowis (T)	216	+22	216	99	Good results
Devenish (JA)	264	-15	291	194	Boddington may sell 13.5% stake
QEC	312½	+18	314	193	UBS Phillips & Drew "buy" rec
Glynwed Int	291	+26	291	183	Renewed confidence
Rascal Elec	200	+11	206	126	Broker "buy" notes
Raine Ind	97	-17	137	67	Disappointing preline figs
Refuge	980	+67	980	564	Self estate agencies
Standard Chartered	708	+40	721	364	Good figs expected next Wed
Union Discount	84	-31	200	38	Bid talks terminated

AT A GLANCE



House prices still in downward spiral

House prices are still falling, according to monthly indices from both the Halifax and Nationwide building societies. Halifax showed a small seasonally-adjusted fall of 0.3 per cent in February compared with the previous month, with UK house prices 7.2 per cent down over the year to February. Nationwide recorded a larger average fall of 1.4 per cent in February with an annual fall of 6.4 per cent. However, both societies were cautiously optimistic. A spokesman for the Halifax said: "The small size of declines in January and February could be an early indication of stability returning to house prices which we expect in the spring." Tim Melville-Rose, Nationwide's chief economist, said sales changes tended to lag sales activity, which had been improving.

Britannia's guaranteed return

Britannia Building Society has launched a new guaranteed account which has a three year period, shorter than most other guaranteed products. However, the method of calculating the investor's gain is quite different: rather than the rise in the FT-SE 100 over the years, the investor's gain is 112.5 per cent of the difference between the average of the FT-SE's level one, two and three years hence, and the original level. So if FT-SE starts at 3,000 and reaches 3,200, 3,400 and 3,600 in successive years, the gain will be around 15 per cent. The gain is net of basic rate tax: non-taxpayers can reclaim the excess.

Bank charges probe demanded

Nigel Griffiths, the Labour party's consumer spokesman, this week called on Michael Heseltine, Conservative trade and industry secretary, to investigate banks' charges after revelations that Royal Bank of Scotland has put staff on an incentive scheme to maximise revenue from charges to customers.

Performance Plus was introduced on a trial basis from February to April and sets a target for each branch to raise its collection of charges for items such as returning "bounced" cheques. Each branch has a second target to increase the number of customers opening savings accounts. Employees at a branch which meets one of the two targets will receive £40 a quarter, and those at a branch which meets both will get £100.

Royal Bank of Scotland said it had identified a "significant amount of leakage" caused by staff failing to impose standard charges. The Consumers' Association said that the news was worrying given the number of mistakes made by banks on customers' statements.

Fixed-rate mortgage offers

Halifax has launched a fixed rate mortgage for first-time buyers of 6.25 per cent (APR 8.5) until June 30 1993. The fee is £200 and one insurance-related product has to be taken out. Other borrowers can fix at 6.49 per cent (APR 8.1) for the same period and fee. Halifax is also offering a 7.7 per cent (APR 8.5) until June 30 1993. The fee is £250. Loans over 75 per cent of the value of the house will attract a higher fixed rate. All offers are portable after February 1 1994. New portable five year fixed rates of 7.59 are available from Leeds Permanent and Woolwich. At Leeds (APR 8.3), the fee is £250, but two insurance related products must be bought if a life policy is not taken out. It is available on all types of mortgage. The Woolwich rate (APR 8.4) is only available on endowment and pension mortgages for a £275 fee. There are early redemption penalties.

Good week for smaller companies

Small company shares had another good week. The County Index rose 2.3 per cent from 1055.57 to 1080.21 over the week to March 4, while the Hoare Govett Index (capital gains version) rose 1.3 per cent to 1349.05 to 1366.23 over the same period.

Wall Street

Good news on jobs fails to dispel bad mood

THE US stock markets were in a distinctly bloody-minded mood this week. Take yesterday's employment figures. The monthly jobs data are the most closely-watched economic indicators in the statistical calendar; so the news that non-farm payrolls soared by 365,000 in February (three times the markets' expectations), and that the unemployment rate fell unexpectedly from 7.1 to 7.0 per cent, should have given share prices a substantial lift.

After all, one of the main concerns that has troubled investors lately has been the failure of jobs' growth to keep up with the accelerating pace of economic activity. Yesterday's report showed that employment growth could be picking up at last. The Bureau of Labour Statistics said it was clear from the data that the jobs market had "strengthened considerably" in February.

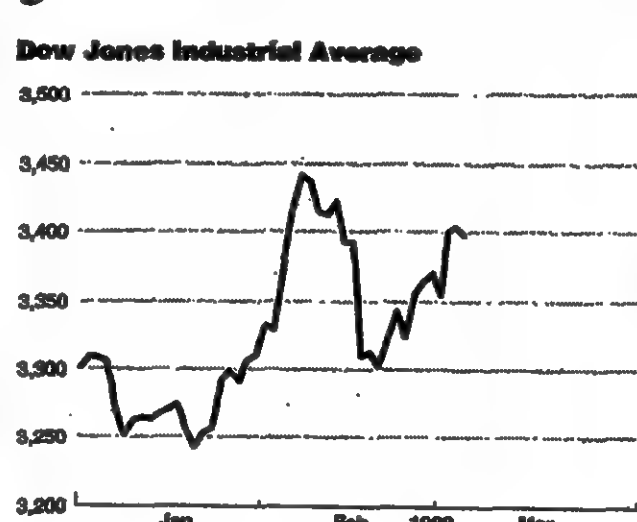
Yet, the figures were all but ignored by the stock markets. Two hours after the data was released, the Dow Jones Industrial Average was up just three points - and other key indices were lower. The dollar,

meanwhile, seemed to like the jobs news: it rose against both the D-mark and the yen on foreign exchange markets.

At first glance, there seemed to be an obvious explanation for the stock markets' response. The news of the big increase in payrolls sent bond prices into a tailspin. The benchmark 30-year government issue dropped more than a full point, pushing the yield up sharply to well over 6.5 per cent.

Equity investors do not react well when interest rates go up, and for good reason. Higher rates increase the cost of capital for companies and the cost of loans for consumers. They also threaten to undermine the competitiveness of exporters by inflating the value of the dollar.

This explanation, however, does not ring true because the stock markets have not been taking much of a lead from bond prices recently. Over the past two weeks, equity investors chose studiously to ignore a remarkable bonum rally that sent yields down to record lows. So, why should they suddenly sit up and take notice when the bond market



takes a turn, probably temporary, for the worse?

Was there another explanation for why the jobs figures failed to lift stock prices? One suggestion was that investors were disappointed by the meagre growth in manufacturing payrolls. The headline number might have risen by 365,000 last month, but manufacturing jobs increased by only 10,000.

Moreover, while manufacturing jobs growth may have gone nowhere in February, companies in the services and retail industries added thousands of new workers to their payrolls - more than 250,000 new jobs were created in the two sectors combined.

Admittedly, the majority of these were part-time, but any increase in the number of people working is good for the economy. And part-time workers earn money just like full-time workers - money that can be ploughed back into the economy.

Perhaps the stock markets were taking their cue from the White House, which bent over backwards yesterday trying to play down the significance of the big rise in payroll numbers. An army of big names, including the president, labour secretary Robert Reich, commerce secretary Ron Brown and Senate majority leader George Mitchell - was trotted out to say that the good jobs figures certainly did not mean the economy no longer required help from the government.

Wall Street's economists dis-

agreed forcefully. As Ed Yardeni, chief economist at C.J. Lawrence, put it: "Message to Washington: Kill the short-term fiscal stimulus programme. It isn't necessary."

So perhaps that was it. The stock markets did not like the jobs news because investors were worried that, with the economy recovering strongly enough on its own, the Clinton package of fiscal stimuli will lead to an overheated economy, rising inflation and higher interest rates.

If this was the real explanation, it reflected a remarkable turnaround in stock market sentiment. When the president unveiled his package in mid-February, share prices plunged because investors feared his measures would retard, not promote, economic growth. Two weeks is obviously a long time on Wall Street.

Patrick Harverson

Monday	3365.41	- 15.40
Tuesday	3400.53	+ 45.12
Wednesday	3404.54	+ 3.51
Thursday	3398.91	- 5.13

The Bottom Line

A tricky calculation over Barclays

IT HAS almost become old hat for British banks to make losses after a decade in which first Third World debt went wrong, and then a reckless lending spree at the start of the 1980s led to huge bad debt provisions. But Barclays still caused a stir this week with its first ever pre-tax loss in 96 years.

Barclays has had an uncomfortable relationship with some larger shareholders since it said it was appointing Andrew Buxton to the twin posts of chairman and chief executive from this January. Some fund managers argued that Buxton should split the roles, as he has now promised to do.

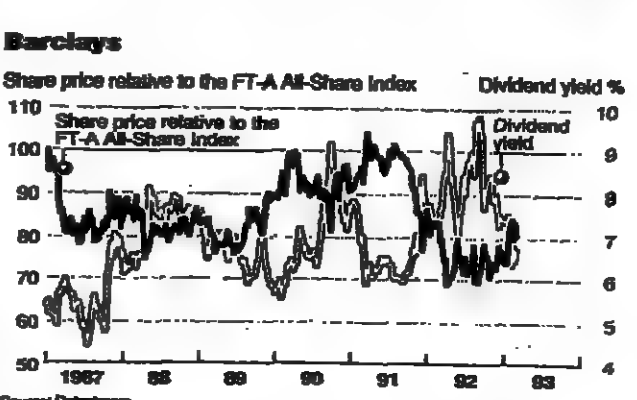
But the decision this week to halve its final dividend to 6p per share, cutting Barclays' total dividend for 1992 by 26 per cent to 15.15p, raised fresh questions about whether the stock is worth having. It might

even have made some depositors question whether their money was entirely safe.

The second question is easier to answer. Barclays remains an extremely well-capitalised bank by international standards. The bank actually managed to increase its overall ratio of capital to risk-weighted assets to 9.1 per cent despite recording a loss of £242m before tax for the year.

This is well above the 8 per cent ratio that the Bank for International Settlements has set as a safe minimum for any bank to ensure funds are well-secured. Barclays' ratio of core capital such as ordinary shares fell to 5.5 per cent of risk-weighted assets, but is even further above the BIS minimum of 4 per cent.

But if the bank's borrowers and lenders face little risk, its shareholders face a more tricky calculation. The first



problem is the future of the share price. Barclays' shares underperformed against the FT A All-Share index during 1992, falling 12 per cent from January to December.

A growing market conviction until this Thursday that the dividend would be maintained helped raise the price to 433p before it fell nearly 10 per cent on the dividend cut. Shares recovered yesterday as the market absorbed the notion that Barclays had prepared itself for recovery.

The second problem is the dividend yield. The cut reduced the yield sharply from 6.5 per cent on Wednesday to 5.2 per cent on Thursday. Shares were yesterday trading at a gross yield of 5.02 per cent compared to 5.4 for National Westminster.

The answers are hard to assess because Barclays' results next year are themselves uncertain. If the bank has set itself on the way to solid recovery and the reduced dividend is safe from further cuts, then some analysts argue the sheer size of its recovery potential means it is a good long-term bet.

Julian Robins, of BZW, who predicted a reduced dividend, is recommending holding Barclays' shares. He predicts a £300m pre-tax profit for 1993, and a yield of 5.2 per cent.

The contrary view is that Barclays has done itself little good by bolstering its tier 1 capital at the expense of its dividend, and the strength of

recovery is unknown. Buxton says he recommended a cut dividend because he could not predict how far bad debt provisions would fall.

Pannure Gordon, analyst at West shares are an appealing compared with Barclays. He believes the uncertainty over Barclays' recovery means the gross yield should be half a percentage point above NatWest. "NatWest looks stronger, and is recovering earlier," he says.

The calculation between the two banks thus comes down to how firm Barclays' recovery will be in 1993 and whether it will need its stronger core capital. A brisk economic upturn - bringing a sharp rise in loan demand, and recovery in property prices - would help sentiment towards Barclays.

John Gapper

FINANCE AND THE FAMILY

REDUNDANCY is affecting more and more people, with a growing number of the nation's 3m unemployed being former executives. And while it might seem calamitous, financially it is one of the better ways to leave a job. Resigning or taking early retirement mean losing out on many benefits.

Before redundancy
If you suspect you might be made redundant, there are several measures you can take in advance.

Peter Smith, of financial adviser Hill Martin - which specialises in retirement and redundancy planning - says: "People think they have no negotiating power. That is not quite right."

"When an employer is making someone redundant, they want them out of the door as soon as possible and sometimes they say 'yes' to something just to get rid of them."

Start by taking out your contract of employment and check the terms and conditions, particularly the length of notice to which you are entitled. You will then be able to ensure that pay-off terms agree with the contract. If you belong to a union, trade or professional body, see if it has any guidelines or advice.

Jenny Woolf, author of *Redundancy: Coping and Bouncing Back*, suggests taking full advantage of facilities offered by the company while you are still employed, such as a medical check-up. If you have redundancy cover for mortgage payments, check its terms and conditions. These protection plans are becoming increasingly expensive while offering poorer value (see page V1).

Redundancy negotiations
Statutory redundancy pay is the legal minimum which an employer is obliged to pay and it is calculated on your age and length of service subject to the current maximum of £936 a week. You qualify for statutory redundancy payments only if you have been in full-time work for two years, or in part-time work for five.

But many employers offer an ex-gratia payment. As long as your total redundancy pay does not exceed £30,000 and is not made as part of your conditions of service, it is tax-free. Anything over £30,000 will be taxed under the pay-as-you-



Don't miss out on the benefits of redundancy

In a new series, Scheherazade Daneshkhu looks at your rights

earn system which can mean top-rate tax of 40 per cent on the excess. It can therefore be to your advantage, particularly if you are over 50, to ask your employer to make part of the payment into your pension scheme.

Hill Martin's Smith says this has to be done before you leave and Harold Roberts, of Towry Law, a financial adviser which has produced a free guide to redundancy, warns that care must be taken not to exceed Inland Revenue limits.

Remember that you are likely to be entitled to a tax rebate for the year in which you were made redundant, since you will be taxed on the assumption that you were working for the full tax year.

If, however, your termination date is near the end of the tax year, Smith suggests ask-

ing your employer if it could fall into the next one. Your income for the new financial year is likely to be lower than the previous year, so you could be taxed at the lower rate on any excess over £30,000.

Smith also says that if you have ever worked overseas for your employer, extra tax exemption could apply. You should seek professional advice in this complicated area.

You might be asked to accept pay in lieu of notice, which would have the added benefit of being tax-free. But Woolf warns that if you have redundancy insurance, it might not pay out until the termination date. The same is usually true of state benefits.

Make sure your employer pays for holiday entitlements which you have not taken, and ask him to allow you to go for

job interviews during paid hours.

Look at the perks which the company gives you and see if any can be extended. Life assurance and medical insurance cease when you leave employment, but Roberts says some employers may be prepared to maintain policies for up to six months after redundancy.

Smith advises asking if the company carries a continuation option without requiring a further health check. Try to see if you can continue medical expenses insurance at a discount and without having to declare existing health defects.

"Trying to keep hold of the company car could be more difficult because of its insurance. Many companies provide the company car for the period of notice or provide a hire car at

their expense," said Roberts.

Some employers will pay for financial counselling and outplacement services but, if not, ask for it. Finally, get your employer to put your redundancy terms down on paper.

Once you leave
Unemployment benefit: If you have been a well-paid professional, you will probably feel uncomfortable signing on but, as long as you have paid the required National Insurance contributions and are seeking work actively, it is yours by right.

One advantage - even if the present rate of £43.10 a week for those under 65, plus £26.55 for adult dependants, is not too attractive - is that NICS will be credited to you automatically, so you will not lose your state retirement entitlement.

Next week: Money management.

Roger Taylor, of the Consumers' Association, warns not to expect unemployment benefit immediately.

"Your entitlement will be affected by statutory redundancy payments, wages due, holiday pay, refund of pension scheme contributions, and payments due from your employer before you were made redundant," he says. "Any payments above and beyond these are treated as payments in lieu. Work out how many weeks' pay this is equivalent to. You will not be able to claim unemployment benefit until this time is up."

Claims cannot usually be backdated, which is another reason for signing on as soon as possible. The benefit lasts for one year. If you have health problems, Smith advises signing on for sickness benefit instead, since it is non-taxable and payable as long as you are ill.

You might qualify for income support to help with mortgage interest payments, ground rent and other housing costs if your total capital is less than £8,000 (including capital held abroad). But if you have been made redundant recently, you will probably have too much capital.

"If you dispose of the capital, you will not be entitled to benefit if the DSS considers you deliberately got rid of the capital to qualify for income support," says Taylor. "Paying off your mortgage might also count as getting rid of capital."

You should also tell your local authority, as you could be entitled to a lower community charge. Roberts says that if your children are in higher education, the local authority grant will be reviewed.

Finally, if you have a mortgage, contact your building society and your bank manager to let them know what has happened. "Many building societies have special schemes to help the unemployed and the same applies to your bank," says Roberts.

Redundancy: Coping and Bouncing Back, by Jenny Woolf, Piccadilly Press, £8.95; **Redundancy and Personal Finance**, Towry Law, 57 High Street, Windsor, Berkshire, SL4 1LX, free.

The Department of Employment runs a free helpline on statutory redundancy payments: 0800-848 489.

Next week: Money management.

Data boost for small investors

PPRIVATE investors who want to make their own share selections often face one big problem: lack of information. While institutional investors are deluged with reports from brokers, individuals must make do with what they can glean from newspapers and specialist magazines.

This week, Sharelink attempted to fill the gap by launching a range of products aimed at informing the small shareholder. Clients can choose from a number of services, including:

Buy/Sell Guide. This will show the consensus recommendations of analysts on 650 companies. Companies are rated on a scale of 1-5, with 9 ranking as a strong buy and 1 as a strong sell. The cost of each report is £2.95; it is available weekly.

Company reports. These give 12 pages of information on a company, including financial ratios, performance record and analysts' forecasts. The cost is £4.95 per company (more than 600 are available).

Performance summary. Details for 650 companies of price, high and low for the year, price-earnings ratio and gross yield (which are in the FT every day), plus NAV per share, gearing, and performance details. This costs £4.95 and is available weekly.

Telephone service. For a subscription of £30 a year, investors can get access to the latest consensus buy/sell recommendations of brokers.

All of this information is useful, although some is available elsewhere: the *Investor's Chronicle* gives details of brokers' recommendations while financial information on companies can be obtained from their annual reports, which most will send free. (A special FT scheme, detailed on our London Share Service pages, gives access to reports from 340 companies via a phone call.)

But what makes the Share-

link service so attractive is that such a wide range of information is available at a low price. If you are willing to invest £5,000 in a company, it seems worthwhile spending £4.95 to get as much information as you can before you take the plunge. Those who want more information or want to order a plan can call Sharelink (from Monday) on 021-200 4600.

Alternative services may have more details but are more expensive. The Estimate Directory, published by Edinburgh Financial Publishing (which produces our table of directors' dealings), shows the individual forecasts of leading brokers for each company.

It is much bulkier than Sharelink's service, weighing in at 600 pages, but information on more than 1,000 companies is available. These reports are £35 individually, while quarterly reports are £105 a year (if paid by direct debit) and monthly reports are £350. Further details from Edinburgh Financial Publishing, 1 Rothessay Terrace, Edinburgh EH8 7UP, or call 031-220 0468.

A different kind of service, aimed at those investors who are frequent traders, was launched this week by FT Cityline and Hutchinson Pagine. The FT Cityline pager is a bleeper service which allows the investor to keep track of his portfolio.

Investors can state pre-established limits for share prices on companies which they hold; if the share price breaches those limits, the bleeper will sound within a minute and a telephone number will be displayed. The investor can then ring to get more details.

The 24-hour service costs £158.99 for the first year and £99 subsequently. Calls to the FT Cityline cost 48p per minute (36p off peak). For further information, ring 0800-282828.

Philip Coggan

THE DRAGON AWAKES A NEW MARKET EMERGES



INVEST IN ONE OF THE WORLD'S FASTEST GROWING ECONOMIES

The dragon awakes and as it does a market of enormous potential emerges. China. A market with an economic growth rate of 12% in 1992 - one of the fastest in the world. And 14 years of market reforms have made China's economy the world's 10th largest.

Save & Prosper's China Dragon Fund is the first UK unit trust to invest only in companies that will benefit from the country's rapid and strong economic growth. All of these are "China Play" stocks - those companies which trade with or operate in China. Companies like China Light & Power, HK Telecom, The Bank of East Asia and Sun Hung Kai Properties.

Increasing volumes of capital are being invested in China. This together with management expertise, services, transport and port facilities from Hong Kong, and China's own huge labour force and land bank are supporting the country's drive in opening up to new market forces.

Leading its reform drive is Guangdong Province in Southern China. Which is currently experiencing an economic growth of 25% a year.

About Save & Prosper and Fleming's

Save & Prosper is part of Fleming's, which currently manages over £30 billion for investors worldwide. Fleming's associate company, Jardine Fleming, is the largest foreign Fund Management Group in the Far East with \$6 billion under management. Jardine Fleming has an office in Shanghai, the location of one of China's two stock markets.

Take This Opportunity To Invest Now

Save & Prosper's new China Dragon Fund offers you the chance to discover the rich and exciting potential of China for yourself. You can invest from as little as £1,000. But remember that you should regard investment in China as long-term, not forming more than 5% of a growth portfolio.

To take advantage, just post the coupon, talk to your financial adviser or ring our free Moneyline.



**CHINA
DRAGON
FUND**

CALL FREE 0800 282 101

9.00 a.m. - 5.00 p.m. 7 DAYS A WEEK

To: Save & Prosper Securities Limited, FREEPOST, Romford RM1 1BB.
Please send me details of Save & Prosper's China Dragon Fund.

Surname _____ Firstnames _____

Mr/Mrs/Miss _____

Address _____

Postcode _____

Home Tel (STD) _____ No

Work Tel (STD) _____ No

So that we may call and offer further information.

THE PRICE OF UNITS, AND ANY INCOME FROM THEM, CAN GO DOWN AS WELL AS UP AND YOU MAY NOT GET BACK THE FULL AMOUNT YOU INVESTED. INVESTORS SHOULD BE AWARE THAT THE MARKETS IN WHICH THIS FUND CAN INVEST CAN BE HIGHLY VOLATILE. SAVE & PROSPER GROUP LTD IS A MEMBER OF IMAO AND LAUTRO.

**SAVE &
PROSPER**

THE INVESTMENT HOUSE

MOST PENSION PLANS SEEM TO FIND ONE QUESTION A LITTLE TOO PERSONAL: HOW OLD ARE YOU?

Even though they ask your age, most pension plans do little about it. Yet it's you who could be financially embarrassed.

With Gartmore's LifePlan your investment automatically shifts away from higher-risk, higher-return equities to safer bonds and cash deposits as you approach retirement.

For a personal pension that acts your age, please call free of charge on 0800 289 336 or send off the coupon.

Gartmore
PERSONAL PENSIONS

Please send me more information.

Name _____

Address _____

Postcode _____

Telephone No. _____

Gartmore Pooled Pensions Limited, Gartmore House, PO Box 65, 16-18 Monument Street, London EC3R 8QQ. The information provided may be used for our marketing purposes.

Please remember the value of units of the Pensions Funds may go down as well as up, and you may not get back the amount invested. This advertisement has been issued and approved by Gartmore Investment Limited, a member of IMAO.

Members of The London Stock Exchange at 31/12/2014

Members of The London Stock Exchange at 31/12/1999

FINANCE AND THE FAMILY

Trustees must face ICI portfolio headache

An important decision looms following ICI's demerger plan, says Caroline Garnham

TRUSTEES with ICI shares in their portfolio should meet well before June to decide what to do with them if they are to avoid possible action for breach of trust. The problem stems from a case decided by the Privy Council in 1930 which says that a company which is not in liquidation cannot make a "capital" distribution to its shareholders except as a step in an authorised reduction of capital.

The planned demerger of ICI in June is neither a liquidation nor an authorised reduction of capital. It will be effected by ICI declaring a huge dividend out of distributable profits, which it will satisfy by allocating shares in Zeneca Limited. These shares will then, because of the Privy Council case, be treated as "income" in the hands of the trustees.

The majority of trusts in the UK - apart from accumulation and maintenance trusts set up for children under the age of 25 - do not give their controllers power to accumulate income because the tax regime

on them is prejudicial. The trustees must, therefore, pay income to the beneficiary - known as the life tenant - as it arises. So, if the trustees add the Zeneca shares to their portfolio, they will be depriving the life tenant - for example, a widow - of her "income" and will be in breach of trust. (If they add the shares with the life tenant's consent, the trustees may not be sued - but the life tenant will have created a new settlement of these shares which could have unexpected tax consequences and create administrative headaches).

The alternative is to distribute the Zeneca shares to the life tenant. This also could land the trustees in trouble. Without a specific instruction in the trust deed, trustees have a common-law obligation to make investments so that the life tenant gets a "reasonable" income while, at the same time, preserving the

capital for those entitled to it after the life tenant's death. They also have a statutory obligation to take into account the circumstances of the beneficiaries when making, changing or retaining investments.

Therefore, if the trust portfolio were diminished substantially because the trustees had paid out the Zeneca shares to

the 1930 Privy Council case, in which event all trustees who distributed the Zeneca shares would be in breach of trust because they would have distributed capital.

There are also tax problems with distributing the Zeneca shares. The life tenant, although he might not be liable to

forward for trustees of children's accumulation and maintenance trusts or discretionary trusts where there is power to accumulate the income. In these cases, the trustees should add the Zeneca shares to the existing trust portfolio and will suffer no adverse tax consequences. But not all discretionary trusts have power to accumulate the income, in which case the Zeneca shares must be distributed and the nightmare reappears - but worse.

The tax position of trusts where there is no life tenant (discretionary trusts) is very different. On the distribution of the Zeneca shares from a discretionary trust, their value must be grossed-up to pay tax at 35 per cent. In addition, the trustees will have to pay CGT on any gain made on the shares - unless an election is made to hold over the chargeable gain until the beneficiary disposes of them.

The discretionary beneficiary might be

pleased to receive his windfall distribution, but he will not thank his trustees for the tax charges.

So, what should the beleaguered trustee do, assuming he does not wish to incur the expense of going to the court for direction? Even selling the shares is not without its problems.

First, he must sell before the dividend is declared and the demerger occurs or it will be too late. Second, the sale could result in an unwanted CGT charge in the trust. But if he sells, and provided he sells in time, at least he should be protected from claims by his beneficiaries.

Representations have been flooding in to the Lord Chancellor's office for a change in trust law. Despite the urgency and seriousness of the problems, however, there does not seem to be any prospect of action before the ICI split in June.

Representations have been flooding in to the Lord Chancellor's office for trust law change

the life tenant, the remainderman might be able to sue the trustees for breach of their common law and statutory obligations.

It is also a moot point as to whether demergers such as the ICI split would be treated by the courts as an exception to

income tax on them, might have to pay capital gains tax on the entire proceeds when he came to sell the shares and would not be entitled to any future indexation because the Inland Revenue believed the base of the shares would be nil.

The position is somewhat more straight-

Caroline Garnham is a tax and trusts lawyer for the City firm of Simmons & Simmons.

CRIMINALS spent £165m last year through the fraudulent use of plastic cards - the equivalent of a £5 loss every second. Banks and building societies pick up most of the bill, with a cardholder's liability restricted to £50 maximum, unless the bank or society can prove that the owner was responsible for the loss.

Announcing the figure this week, Richard Allen, chief executive of the Association of Payment Clearing Services, said the loss was "totally unacceptable". However, for the first time, the rise in plastic card fraud has at least been contained.

Plastic card fraud total tops £165m

Losses were £80m in 1989, £122m the following year and £165.6m in 1991.

The fraudulent use of credit and cheque guarantee cards has been taking place against a background of rapid growth in plastic card transactions. There were 400m of these in 1985 and this is forecast to rise to 4bn a year by 2000. There are 80m plastic cards in circulation in the UK.

Apacs, which oversees money trans-

action in the UK, attributes the containment of fraud losses to the launch of its Card Watch campaign last year.

This included making the delivery of cards more secure. Apacs estimates that one quarter of fraud losses in 1991 were because of the diversion or interception of the card with the consequent fraud losses peaking at £3m a month in the spring of 1991.

The introduction of registered post, courier services and delivery through branch networks has brought this figure down to an average of £2m a month lost through non-receipt of cards. Nearly 40 per cent of cards are now delivered through means other than the post.

This year the Card Watch campaign is targeting a number of groups to try and raise awareness of plastic card crime.

Women are thought to be particularly vulnerable because they keep cards in handbags which can be snatched by criminals or are left hanging temptingly on the back of a seat.

Motorists are another target. Apacs estimates that 18 per cent of fraudulently used cards are taken from cars. Many plastic cards also go missing from offices. People can be lured into a false sense of security

in the office and tend to leave possessions unguarded.

Finally, young people are being targeted so that they "understand the concept of plastic, its value, its use and the implications of its misuse," according to Apacs.

Card issuers are also spending £500m as part of a three year anti-fraud investment in new technology to fight crime. This includes testing cardholder identification techniques such as photographs, fingerprinting and digitised signatures.

Scheherazade Daneshkhu

How green is a green fund?

SOME OF continental Europe's "green" investment funds which make environmental or ethical claims could lose the confidence of investors because of poor definitions and a low level of supporting research, according to a survey published this week.

Many of the "green" funds identified in the study did not have clear research methodologies and only a few could explain how stocks were selected. Furthermore, a number of funds depended upon the advice of brokers or financiers, rather than social or environmental scientists, as to whether a company was "green" or "ethical".

Of the 35 ethical or green funds in continental Europe which claimed either to avoid companies with interests in defence, tobacco or alcohol, or claimed only to invest in companies with a sound environmental record, just 12 stated that they employed additional research to investigate companies.

The remainder of the funds were unable to provide systems for rigorously substantiating the green or ethical claims made in their criteria.

The survey said unclear definitions and research input perhaps explained the inclusion of companies which do not feature in green funds in the UK and the US, such as GEC, the UK electronics company, Sandoz, the Swiss drug company, Rhône-Poulenc,

the French chemicals company, British Petroleum and RTZ, the UK mining group.

The survey said that across Europe, including the UK, there are now more than 70 ethical or green products for investors to choose from, amounting to about £734m under management. The UK-based funds account for around £400m or 54.5 per cent of the total investment, followed by Luxembourg with £79.3m or 10.8 per cent, France with £75.3m or 10.3 per cent and Sweden with £58.4m or 8.1 per cent.

The survey noted that the Luxembourg-based funds included so-called *Sinco* funds, which are managed from other European countries.

The survey identified Shanks & McKean, the waste management company, as the most popular stock with UK green funds. Générale des Eaux, the construction, water and waste management group, was the most popular with French green funds, and in Germany, GEA, the air purification and process engineering company, came out on top.

"Survey of Ethical and Environmental Funds in Continental Europe is published by the Merlin Research Unit, part of the Jupiter Tyndall Group, Knightsbridge House, 197, Knightsbridge, London SW7 1RB. Cost: £50 (plus £5 for postage and postage overseas).

Antonia Sharpe

NatWest BES opportunity

11.48% pa tax free for 5 years

How NatWest turns £6,000 into £10,800 in five years.

Composition of returns		
Net Investment	Tax Relief	Net Investment Return
£6,000	£4,000	£4,800

Investment example

- A higher rate taxpayer invests £10,000 in March 1993.
- The investor receives an income tax refund of £4,000 around September 1993 (dependent on his or her tax status).
- The investor receives £10,800 around April 1998.

Timing of returns

Approx 6 Months	Approx 5 years
TAX RELIEF £4,000	£10,800

In this example, a net investment of £6,000 provides a fixed return of £10,800 after five years. This is equivalent to a compounded return of 11.48% per annum and is completely free of income and capital gains tax.

RESERVE YOUR BES ALLOCATION NOW

JUMP THE QUEUE - AND BEAT THE BUDGET

MacIntyre Hudson Financial Services PLC has reserved a substantial tranche of shares in Residential Property Scheme investing in Cambridge University Student Halls.

If you are concerned that other BES offers may be over-subscribed, and that you may find out too late - ring, or return the coupon to us today to secure your copy of the Prospectus and to reserve your allocation.

Cash-backed, these structured unit schemes enjoy all the tax saving benefits as provided under BES legislation and offers.

NON RECOURSE, NON STATUS LOANS AT 6 MONTHS AT 5% PER ANNUITY

Full details are contained in the Prospectus, a copy of which will be sent to you on request.

Please call Joan Bland today on (0906) 606999 or during office hours in the week to obtain a copy of the Prospectus and register a Reservation which will be held open until 5 pm Friday 12th March 1993, or complete and return the Reservation Request below.

RESERVATION REQUEST

BES - CAMBRIDGE UNIVERSITY STUDENT HALLS

Please send me a copy of the Prospectus and register a reservation of investment up to £10,000 (Maximum £40,000).

Please return my reservation until 5 pm on Friday 12th March 1993 unless I instruct you otherwise.

Name: _____

Address: _____

Postcode: _____

Please telephone me: _____

(Work) _____ (Home) _____

Return to: MacIntyre Hudson Financial Services PLC, Mortgage House, 301 Salisbury Road, Central Milton Keynes, MK2 1LZ.

The investment returns are higher than the average maximum return of £10,000 per annum. Maximum investment £100,000 per individual. Maximum investment £2,000 per household.

Investment in structured shares carries higher risk than investment in quoted shares. The investment may be difficult to realise or to share reliable information about the value of the shares, and investors may not receive their share of the proceeds. The value of shares may go down as well as up. Investors should consider the risks and seek professional advice before investing. The Terms and Conditions are set out in the Prospectus.

Reservations of the Prospectus are subject to the terms and conditions set out in the Prospectus. Reservations of the Prospectus are subject to the terms and conditions set out in the Prospectus. Reservations of the Prospectus are subject to the terms and conditions set out in the Prospectus.

This Investment Advertisement is issued by MacIntyre Hudson Financial Services PLC. Member of FSB.

NatWest is launching its first Business Expansion Scheme. This offers you a tax-efficient investment opportunity.

Higher rate taxpayers can expect a tax-free return equivalent to 11.48% per annum for five years. (19.13% gross equivalent.)

The subscription lists will open on Monday 8th March 1993. You can invest between £2,000 and the upper BES personal limit of £40,000. All returns are free of income and capital gains tax.

Homeshare loan facility available after 6 months

After six months you will be offered the opportunity to take 74% of your investment as a non-status, non-recourse loan. Taken together with the 40% tax relief available to higher rate taxpayers, this would give an effective annualised return of 29.68%. The Homeshare loan facility is suitable only for higher rate taxpayers as the overall return on investment for 25% taxpayers would be negative.

What you are investing in

The NatWest Business Expansion Scheme will invest in five specially established companies. Called Homeshare (UK) I, II, III, IV and V, the companies will acquire residential property principally from NatWest. Most of these properties are "staff homes" which have become available as a result of the Bank's Staff Relocation Scheme.

A limited opportunity - Act now!

The maximum capitalisation of the Homeshare Companies is limited to £5 million each. Once those limits are reached, no further applications will be accepted. We anticipate a strong demand for shares in the Homeshare Companies as similar offers in the past have sold out in just a few days.

Given the anticipated level of interest, you are strongly advised to call today to request your Prospectus if you are considering making an investment.

Applications will be accepted only on the application form contained within the Prospectus. You can request your copy only by calling free on 0800 200 400.

The Homeshare Companies Offer for subscription is made under the Business Expansion Scheme and sponsored by National Westminster Bank Plc and Hambros Bank Limited.

The value of shares and the income from them may go down as well as up and investors may not get back the amount invested by them under this offer. The stated return to investors assumes that the companies will be able to exercise their options to require NatWest to repurchase the properties at whatever price is necessary to provide shareholders with £1.08 for each £1.00 invested. Statements about taxation are based on current legislation and Inland Revenue practice, which are subject to change. The value and availability of tax reliefs depend on investors' individual circumstances. Also, the availability of tax reliefs assumes that the Homeshare Companies continue to qualify as BES companies.

Phone free on 0800 200 400

Quoting reference 660044

Saturday 9am to 6pm. Sunday 9am to 5pm. Monday to Friday 8am to 8pm

National Westminster Bank

We're here to make life easier

National Westminster Bank Plc is a member of the NatWest Life and NatWest Unit Trust Marketing Group which comprises National Westminster Bank Plc, National Westminster Life Assurance Limited, National Westminster Unit Trust Managers Limited and NatWest Stockbrokers Limited. National Westminster Bank Plc is a Member of NBSA. Registered office address: 1 Tower Hill London EC3N 1AF.

Diary of a Private Investor/ Kevin Goldstein-Jackson

THE STOCK market recently reminded me of conditions in 1986: share prices moving upwards, even of companies which are really "rubbish"; an increasing number of rights issues from companies large and small; private investors rushing to buy "penny" shares; and greater interest being shown in small companies which can possibly be used as shells for the injection of new activities. Even some of the names are the same.

Take Downiebrae Holdings which, in February, saw its shares shoot up 22p in one day on news that Robert Newman had acquired a 22.99 per cent stake. Newman was reported as saying that Downiebrae was "the perfect vehicle for acquisitions" as it had £4.7m of cash, two properties, and two northern-based engineering businesses. He planned to use the company to expand into engineering or other fields.

In 1986, Newman was one of several investors who acquired a 29.9 per cent shareholding in another small "shell" company, Times Veneer. He became an executive director and Times Veneer changed its name to Era Group, embarking on acquisitions that included



buy shares in it since, at that time, I was concerned that a number of my holdings in other companies, bought on "shell" or takeover hopes, had not seen any action.

Another sign of shell activity in February was the report that Multitrust, controlled by financier Andrew Perloff, was interested in acquiring a large

shareholding in Radiant Metal Finishing, another company I have followed because I regarded it, too, as an ideal shell. I have bought and sold shares in Radiant, and made reasonable profits, several times. I missed out on Radiant's initial rise in February after news of Perloff's interest was published, but I have now

acquired a small holding for my personal pension scheme.

Ideally, this year will continue to be good for shell companies. I hope it will follow the pattern of 1986 when Charles Gordon (plus Charles and Maurice Saatchi) bought a large stake in N.M.C. Investments, a company chaired by D.C. Marshall. I spotted N.M.C. a small packaging company, as a potential shell in September 1982 when I bought shares for 12.5p. Until the move by Gordon in 1986 the shares had been rather lack-lustre. But he and his colleagues transformed and expanded the company and I sold my stake for 305p in 1987.

1987. My hope is that some entrepreneurs now will show interest in two other companies chaired by D.C. Marshall, London Finance & Investment Group, and Burlington Group. Both would make ideal shells: they have modest market capitalisations and could be steered easily in many directions and expanded rapidly.

My personal pension scheme has been in and out of London Finance over the years, investing each time in the hope of a takeover and selling when nothing happened. It continues to retain a small holding. Lon-

don Finance, with a share price of 18p, has a market capitalisation of only £4.5m.

Burlington Group would be even better. Its shares are around 17½p but its market capitalisation is only £2.66m and the bulk of its assets are fixed-interest investments, gilt-edged stock and cash.

Experience shows, however, that caution is needed when looking at "penny" shares and shell companies. It might take years (if ever) before an entrepreneur spots the potential. Dealing costs on lowly-priced shares can be considerable. In 1992, stock exchange figures showed the average spread — the difference between the buying price and selling price — on "less liquid" stocks ranged from 12.22 per cent in May that year to 14.35 per cent in August.

Some penny shares have had even greater spreads. It is not unknown for brokers to offer shares in a company at, say, 12p to buyers but offer 8p to sellers. The share price, therefore, has to perform remarkably well for an investor just to break even. But including shares with shell appeal as a modest part of a portfolio does provide some added spice — especially for the patient.


IN FEBRUARY last year, Peter G. Cress, non-executive director of Crest Nicholson, the housebuilder, bought 100,000 shares at 30p. Since then the shares have proved volatile, but fellow non-executive director Geoffrey Fox reduced his holding recently by 100,000 shares, bringing at 11p. Sir Peter Cresswell is forecast to return to profit in the year to end-October 1993; shares have

Company	Sector	Shares	Value	No of directors
SALES				
ARI Leisure	Mot	38,000	30	4
Allied Group	Eng	7,678	12	1
Allied Leisure (NP)	H&L	4,131,995	83	5
Allied Textiles	Text	37,000	774	1 *
Benson Group	Eng	98,000	24	1
Brandon Hire	C&C	360,000	77	1
Clair Allen	Onf	42,870	168	3 *
Coquit	Eng	17,000	14	1
Crest Furnishers	Stor	5,470	14	1
Court Nicholson	C&C	100,000	51	1
Ivory & Sims	Onf	28,000	33	1
Melary Group	Mot	90,000	24	2
Polar Electronics	Ele	517,000	661	3
Royal Bank of Scot	Bank	187,500	500	1
Seaward Group	Bus	25,000	80	1 *
Tapeal Diagnostics	Hlt	27,000	89	1
Vaux Group	Brew	12,000	27	1 *

PURCHASES			
Beristord	FdMa	8,000	10 1
Citylate Estates	Stop	comb	94 2
Essex Furniture	Stop	10,000	11 2
Mercury Asset Man	OfH	10,000	43 1
Molyneux	Stop	125,000	36 1
Pegasus	Elms	100,000	167 1
RIT Capital Partners	InTr	135,000	167 1
Towles	n/a	14,000	29 1
West Trust	Text	1,550,000	83 2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 22-26 February 1993. *A combination of 473,827 CGRAs, 3,960 GULS and 4,500 ordinary shares.
Source: Directus Ltd, Edinburgh

SPECIAL OFFER: UP TO 24 DISCOUNT



If you've watched interest rates (and your investment income) drop over the last two years, you have our sympathy.

More practically, you can also have our help.

Our Personal Equity Plan can offer you a high tax-free income that isn't wholly dependent on interest rates. And, there's potential for growth in both income and capital too.*

No other form of investment offers the same combination of tax advantages, flexibility and access to your money.

And no other PEP offers you the benefits of investing with Scottish Widows.

Invest from £1000 to £4000 (£12,000 for a married couple) before 29 March to take advantage of this year's tax allowance and well give you a discount of up to 2%.

To find out more, phone 011 557 3800, or talk to your financial adviser, or return the coupon to Scottish Widows (PEP), Freepost, 15 Dalkeith Road, Edinburgh EH10 5BU.

Name _____

Address _____

Postcode _____

SCOTTISH WIDOWS 365

PERSONAL EQUITY PLAN

*Remember, with withdrawal accounts, capital is secure. The value of a PEP and its income from a tax authorised investment fluctuates; the income may not be paid, the amount originally invested. Its advantages are subject to certain charges and the value of any tax allowance depends upon current tax rates and legislation. A charge may arise the value of certain investments to go up or down.

Legal aid: Scottish Widows Investment Management Limited Member of IMA

*PEPs.
Unrepeatable
offer.*

Currently, there's a 1% discount on the offer price of NatWest Unit Trusts in a NatWest PEP.

If you act quickly, you can claim this discount twice. For this tax year and next tax year.

Invest by 5 April 1993 for this year's discount.

Invest by 8 April 1993 to claim the discount for next year as well.

Over £3 billion has been invested in unit trust PEPs since 1987.

And that's hardly surprising when you consider you can invest up to £6,000 per tax year and the returns are entirely tax-free.

To be certain of investing at a discount, call free on 0800 255 200 now for more information and application forms.

Phone.free

0800 255 200

Quoting reference 65001

Monday to Friday 8am to 8pm. Saturday 9am to 6pm

 **National Westminster Bank**
We're here to make life easier

The value of investments and the income from them may fall as well as rise and you may not recover the amount of your original investment. Statements about tax are based on current legislation and Inland Revenue practice which may change in future. The value and availability of tax reliefs depend on individual circumstances.

National Westminster Bank Plc is the Plan Manager for all NatWest PEPs. National Westminster Bank Plc is a member of the NatWest Life and NatWest Unit Trust Marketing Group which comprises National Westminster Bank Plc, National Westminster Life Assurance Limited, National Westminster Unit Trust Managers Limited and NatWest Stockbrokers Limited. National Westminster Bank Plc is a Member of IMRO. Unit trusts offered by NatWest are provided by National Westminster Unit Trust Managers Limited. National Westminster Unit Trust Managers Limited is regulated by the SIB and is a Member of IMRO. NatWest Stockbrokers Limited is a Member of the London Stock Exchange and the Securities and Futures Authority. National Westminster Bank Plc. Registered Office: 41 Lothbury, London EC2P 2BP. Registered Number: 929027.

The Temple Bar SUCCESS FORMULA

For a first class Investment Trust PEP or Savings Scheme

■ **TOP PERFORMANCE** ■
+594% since 1 March 1983 (21.37% p.a.)*

■ **WINNING YIELD** ■
5.8% p.a. — more than 38% above FTA All Share Yield†

■ **LOW COST** ■
PEP initial charge — £50 (less than 1% on the maximum investment of £6,000).
Savings Scheme charge — NIL.

To find out more complete the coupon or call Joanne North on 071 522 2120.
*Macropol. Offer to offer with net income reinvested to 1.3.93. †Financial Times. Gross yields as at 3.3.93.

TEMPLE BAR INVESTMENT TRUST
PEP AND SAVINGS SCHEME



Temple Bar
Investment Trust
PLC

To: Joanne North, Guinness Flight Investment Trust Managers Limited,
5 Gainsford Street, London SE1 2NE

Title Initials Surname

Address

Postcode

Post performance is not necessarily a guide to the future. The value of this investment and the income arising from it may fall as well as rise and is not guaranteed. Also, deduction of charges and expenses means you may not get back the amount you invested. This advertisement is issued by Guinness Flight Global Asset Management Limited, a member of IMRO and Lastra.

Scottish Mortgage

now fully qualifies for a PEP.
For further information contact Lindsey Greig on
031 222 4244



Baillie Gifford & Co. 1 Rutland Court Edinburgh EH3 5EY
Member of IMRO

Only one range of international Money Funds scores Triple A.

For all investors, security is the key concern. With Fidelity Money Funds, you have all the reassurance you could wish for.

In the first place, deposits are made only with banks chosen and continuously monitored for their creditworthiness. And secondly, the Funds have been awarded Moody's Triple A rating (Aaa) for investment quality.

That's a higher rating than 99% of banks around the world.

Wherever in the world you find yourself, Fidelity Money Funds offer a flexible, tax-efficient offshore alternative to a deposit account. The Fidelity organisation looks after

over \$60 billion in cash products worldwide and is committed to providing high returns on your money.

We offer wholesale interest rates on any of 15 major currencies, paid out or accumulated gross.

And you can buy, or convert between, currencies at extremely favourable rates of exchange, without charge.

There is no minimum investment and when you need your cash, usually it can be remitted electronically to your bank account anywhere in the world free of charge, within three business days.

The distributor of Fidelity Money Funds is Fidelity Investments Distributors, Bermuda. For more detailed information, including current interest rates for each currency, just contact one of the Fidelity offices below, or return the coupon.

United Kingdom Tel: 44 732 361144 Fax: 44 732 838986
Jersey Tel: 44 534 888899 Fax: 44 534 34244
Hong Kong Tel: 852 8481000 Fax: 852 845 2608
Luxembourg Tel: 352 250 040 231 Fax: 352 250 340

To: Fidelity Investments, European Service Centre, 3rd Floor, Hansa House, Place de l'Europe BP 2174 L-1021 Luxembourg. Please send me more information on Fidelity Money Funds.

Name (Mr/Ms/Ms)

Address

Postcode

Tel No



Fidelity
Investments

Issued by Fidelity Investments International

FINANCE AND THE FAMILY

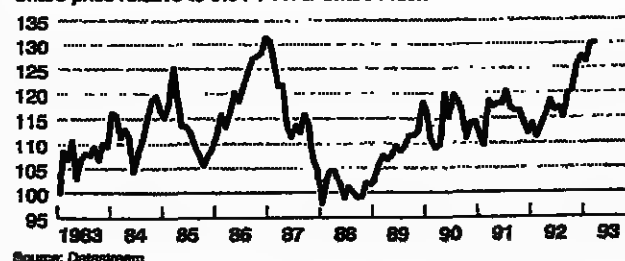
Investment Trusts

When it pays to be bold

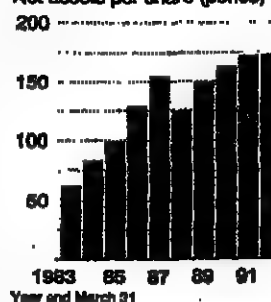
The gearing policy of Scottish Mortgage has proved profitable, says Philip Coggan

Scottish Mortgage and Trust

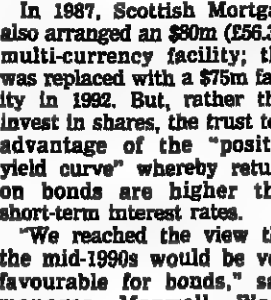
Share price relative to the FT-All-Share Index



Net assets per share (pence)



Dividends per share (pence)



Year and March 91

In 1987, Scottish Mortgage also arranged a \$80m (£56.3m) multi-currency facility; that was replaced with a \$75m facility in 1992. But, rather than invest in shares, the trust took advantage of the "positive yield curve" whereby returns on bonds are higher than short-term interest rates.

"We reached the view that the mid-1990s would be very favourable for bonds," says manager Maxwell Ward. "There is a near-absence of inflationary pressures. We perceived that short-term interest rates had already fallen in the US and Japan without pulling long rates down; we were also on the threshold of lower short-term rates in Europe."

So, on top of the other gear-

ing, the trust raised a further \$75m which it invested in US Treasury bonds. "We borrowed at 4.9 per cent in dollars and invested in Treasuries at 7.9 per cent," says Ward. A similar view has led the trust to invest \$70m of its short-term borrowings in gilts.

As of December 31, 17.1 per cent of Scottish Mortgage's assets were in bonds and other liquid asset instruments. The rest were in UK equities (49.6 per cent), Europe (13.4 per cent), Pacific (10.7 per cent), America (6.9 per cent) and Japan (2.3 per cent).

Compared with the international indices, that leaves the trust underweight in both Japan and the US. Ward says he views both markets as val-

ued quite fully and is very concerned about the technical position of the Tokyo market. But he sees Europe as good value because of falling interest rates, and feels the non-Japanese Far Eastern markets offer the best prospects for economic growth.

Because of personal equity plan requirements, the trust has to keep 60 per cent of its assets within the UK and European Community. In addition, a substantial UK holding is needed to pay the dividend (Scottish Mortgage has a commitment to maintain its dividend in real terms).

Baillie Gifford picks Scottish Mortgage's investments via a three-stage process. An investment policy committee decides on broad strategy and the investment manager then makes the detailed asset allocation. Finally, the individual stocks are picked by teams which focus on four areas: UK, continental Europe, the US and the Far East. The trust's ten largest investments at December 31 were J. Sainsbury, Tomkins, Alcatel Alsthom, Shell, Bass, Hanson, Astra, Tesco, Societe Generale and Lloyds bank.

The trust likes to have relatively concentrated portfolios. Overall, it has 111 holdings, 50 in the UK. "If you like the stock, you should have a substantial holding," says the 43-year-old Ward, who joined Baillie Gifford in 1971, ran Scottish Mortgage's UK portfolio from 1981 and has been in overall charge since 1989.

Lewis Aaron, investment trust analyst at S.G. Warburg Securities, says: "Scottish Mortgage is a little light in North America for our liking, but it has delivered the goods

and, at the current discount, looks attractive."

■ **Key facts.** On February 28, the trust's total assets were £1,042m. Net assets were £870m, equivalent to net assets of 223.8p. On March 2, the share price of 193p put the shares on a discount of 14 per cent, according to NatWest Securities Ltd. The market capitalisation was £696m and the yield was 2.7 per cent. Baillie Gifford's fee is 0.045 per cent of net assets per quarter, plus 1.45 per cent a year of attributable earnings.

■ **Board.** This is entirely non-executive. Sir Michael Herries, the chairman since 1984, is a former chairman of the Royal Bank of Scotland. Other board members are Geoffrey Ball, chairman and chief executive of CALA; George Gwilt, a former managing director of Standard Life; Ian Irwin, chairman and chief executive of Scottish Transport Group; Fred Johnston, executive chairman of Johnston Press; Lord Sanderson of Bowden, chairman of the Conservative party in Scotland; and Jack Shaw, a deputy governor of the Bank of Scotland.

■ **Savings plan and PEP details.** The only charge on the savings scheme (apart from government stamp duty) is a £10-plus-VAT fee when investors want to sell shares. The minimum monthly investment is £30 and £250 for a lump sum. The PEP has an initial charge of £30 plus VAT, and a half-yearly charge of £15 plus VAT. Dealing commissions are 0.2 per cent. The first two withdrawals in a tax year are free; subsequent withdrawals cost £10 plus VAT.

This wall will fall...

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

PART OF my property is overlooked by the back wall of a warehouse, about 20 ft high. This wall is beginning to lean at the top and will eventually fall on to my property.

I have spoken to the owners of the warehouse and asked them to have the wall repaired. I have also written to my insurers, who say they cannot do anything as the wall does not belong to me. I am told I cannot repair the wall myself because I do not own it. What can I do?

Unfortunately, pre-emptive action on your part is not available. It was correct to write and put the owners of the wall on notice of the special danger should the wall collapse. Apart from writing, again — this time, direct to the managing director or chairman of the company that owns the wall — there is no recourse so long as it is wholly within the neighbouring land.

If, however, the top of the wall is sufficiently out of true to be invading the air space above your side of the boundary line, you could seek an injunction in the county court based on the trespass and on the risk that serious damage will be caused in the future (a *quia timet* injunction).

A guide to CGT

I AM LOOKING for a suitable guide to capital gains tax. Can you recommend one?

If you need only simple information on a limited range of CGT rules, then ask your local tax office for the free catalogue of free pamphlets. Those in the CGT series which may interest you include CGT4 — Owner-Occupied houses; CGT13 — The indexation allowance for quoted shares; CGT14 — Capital gains tax: an introduction; CGT15 — Capital gains tax: a guide for married couples; CGT16 — Indexation allowance: disposals after 5 April 1988. If you want a brief but comprehensive guide, then, for £24.95, there is Tolley's Capital Gains Tax 1992-93 (ISBN 0

50459 688 2) published by Tolley Publishing Co. Ltd, 2 Addcombe Road, Croydon, CR9 5AF (tel. 081-688 9141).

CGT is an intricate and arbitrary tax with scant regard for logic or equity, so any simple guide must inevitably oversimplify many aspects and skate round others.

I BOUGHT my detached bungalow in 1986. A few months later, a new owner bought the bungalow next door. Both

were built about 20 years ago and the deeds specify that a party hedge shall separate them. The very first owner of the adjoining property planted a beech hedge along the approximate boundary line, and this was about 4 ft high in 1986. Since then, the new neighbour has allowed his side of it to grow to about 7 ft between the back gardens and 6 ft between those at the front.

What is the legal position about party hedge heights? Can I cut down my neighbour's half to the original height? Must I notify him of my intention?

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Teachers' BS	Bullion Share	0800 378869	Instant	£500	7.00%* Y/Y	Y/Y
Britannia BS	Capital Trust	0800 398115	Postal	£10,000	7.30% Y/Y	Y/Y
Teachers' BS	Ministar 90	0800 378868	90 Day	£1,000	8.10% Y/Y	Y/Y
City & Metropolitan BS	Super 90	081 464 0814	90 Day	£25,000	8.00%* Y/Y	Y/Y
Cheltenham & Gloucester BS	Best 90	0800 272282	90 Day	£50,000	8.30% Y/Y	Y/Y
Scarborough BS	Scarb' Ninety 3	0800 590578	90 Day	£50,000	8.35% Y/Y	Y/Y
Newcastle BS	Nova Star VI	091 252 6976	1 Year	£5,000	8.25% Y/Y	Y/Y
Chelms BS	Premier VII	0800 272555	1.5 yrs	£10,000	8.25%* Y/Y	Y/Y
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	8.10% Y/Y	Y/Y
Britannia BS		0800 398115	5 Year	£8,300	8.00% Y/Y	Y/Y
Manchester BS		061 834 9485	5 Year	£25	8.00% Y/Y	Y/Y
Darlington BS		0325 457171	5 Year	£1	8.00% Y/Y	Y/Y
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 506 5286	Instant	£1	5.50% Y/Y	Y/Y
Citibank	Money Market Plus	0800 555884	Instant	£2,000	6.75% M/Y	Y/Y
Chelms BS	Classic Postal	0800 717515	Instant	£10,000	6.80% Y/Y	Y/Y
				£25,000	7.10% Y/Y	Y/Y
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Int	0481 715735	Instant	£500	8.25% Y/Y	Y/Y
Derbyshire (IO) Ltd	90 Day Notice	0824 663432	90 Day	£25,000	7.30% Y/Y	Y/Y
Bristol & West Int Ltd	Int Premier	0481 726036	6 Month	£5,000	8.50% Y/Y	Y/Y
GUARANTEED INCOME BONDS (Net)						
General Portfolio FN		0279 462839	1 Year	£50,000	5.20% Y/Y	Y/Y
Prosperity Life FN		0800 521548	2 Year	£25,000	5.55% Y/Y	Y/Y
Consolidated Life FN		081 940 8343	3 Year	£2,000	6.00% Y/Y	Y/Y
Financial Assurance FN		081 367 8000	4 Year	£20,000	6.30% Y/Y	Y/Y
General Portfolio FN		0279 462839	5 Year	£50,000	6.80% Y/Y	Y/Y
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
Investment A/C			1 Month	£20	6.25% Y/Y	Y/Y
Income Bonds			3 Month	£2,000	7.00% M/Y	Y/Y
Capital Bonds G			5 Year	£100	7.75% Y/Y	Y/Y
NAT SAVINGS CERTIFICATES (Tax Free)						
40th Issue			5 Year	£100	5.75% OM	Y/Y
8th Index Linked			5 Year	£100	3.25% OM	Y/Y
Children's Bond E			5 Year	£25	7.85% OM	Y/Y

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. S = Rate fixed only until 1.7.93. □ = Rate guaranteed until 1.5.93. ♦ = After 6 month qualifying period. ♦ = Rate guaranteed until at least 1.4.93. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Lane, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 506677.

PEP DISCOUNTS

Normal Charge 5%
Fidelity Perpetual 2%
At least 2% off all other unit trust PEPs. Why pay more?

THE PEP SHOP LTD
Tel: (0602) 825105
Open today until 8pm

PEPs are long term investments, whose values can fall as well as rise. The PEP Shop Limited is authorised as a financial intermediary of the Financial Services Commission.

STILL PAYING BUSINESS BANK CHARGES?

5.50%
P.A. GROSS WITH A CHEQUE BOOK FOR INSTANT ACCESS

Interest paid to companies gross, to sole traders and partnerships net of basic rate tax. Interest rates may vary. No interest is paid on deposits of £2,000 and below. Allied Trust Bank, 97-101 Cannon Street, London EC4N 5AD



Cut out bank charges and earn good interest with a High Interest Bank Account for Business. Free banking is possible, subject to the account's terms and conditions. Minimum initial deposit only £2,001. Call 071-626 0879 (answerphone) for full details.

FASHION

Comfort and joy: cashmere has it all wrapped up

The world's most luxurious textile is now great value, says Lucia van der Post

CATCH MANY of the world's foremost designers off (and sometimes on) duty and what are they wearing? Well, take Giorgio Armani, for example. If it is winter, nine times out of ten you will find him in an absolutely plain, classic, navy-blue cashmere sweater.

Donna Karan will probably be sporting one of her own cashmere bodies (you know the sort of thing - steel grey or oatmeal, lean and simple and doing away with that *bête-noir* of the fashionably dressed, the "vpl" or visible panty line). Jean Muir is often to be found looking frail and elegant in her own cashmere line - navy-blue, of course.

Mary Wesley, the novelist, rates cashmere sweaters an essential part of her wardrobe and, for a lesson in how to sling cashmere artlessly round the shoulders, take a look at Miranda Richardson in the film *Damage*. Never mind the plot; take in Miranda Richardson's wardrobe if you really want to know how the well-heeled and well-born dress - all soft greys and oatmeals, understated and simple but effortlessly classy.

Cashmere is one of the all-time desirable fibres - the Rolls-Royce of the fashion world - so it is not surprising that those with the wherewithal to buy it are so often to be found clad in it. The good news for the rest of us is that though cashmere will never be cheap, it is now more accessibly priced than it has been for many years.

Those who bought cashmere in the high-spending 1980s will remember only too well how prices spiralled upwards. As the Chinese, who control Mongolia and thus the chief source of the highest-quality goat fibre, decentralised the market and flirted with a little uncontrolled free-enterprise, they got their fingers badly burnt. Mongolian goat-herders began selling whatever fibres they could to whomever would pay most. So high-cost knitwear of variable quality began to hit world markets just as the recession began to bite, the Gulf War eroded confidence and tourists stopped being tourists.

Retailers who had become accustomed, rather like British house-

owners, to thinking that their hoard of butter-soft cashmere was an asset that could only go up and up got a rude awakening when the public seemed to say, as one, "enough is enough" and the sweaters on the shelves started gathering dust.

Today, quality has again become controlled, the flow of imported sweaters of poor quality has lessened and best of all, prices are at least 20 per cent down on even a couple of years ago. The result is that in the chic shops in London's Burlington Arcade women's roll-neck sweaters today sell for about £142, whereas two years ago they cost £40 more. Classic Professor Higgins cardigans which used to cost £282 now sell for £83 less. And all through the cashmere world the story is repeated.

Good quality cashmere, according

to Andrew McRobb, marketing director of Pringle of Scotland, is easily recognised. It should have a "slight lustre and a melt-in-the-hands feel. It should have a softness of touch all over. Too much material in the seams, particularly inside, can spoil the overall appeal. And there should be a smooth, not clumpy, finish on the neck. Desirable, too, is strengthening under the arms."

Few people dispute that Scottish cashmere is tops - the combination of selecting only the finest yarns, the water from the burns (used for washing and treating the yarn) and a design policy based on proper classics meant that for years their products sold in droves.

But hard times are famously effective for causing even the most solid of companies to rethink its

strategy. These days many of the best Scottish companies have hired top designers to update their ranges. The result is cashmere used for such sassy numbers as long sarong skirts, skinny vests, sweat-pants, leggings and all the other essential components of the fashionable woman's wardrobe.

Names to look out for are Ballantyne (which hired Alastair Blair and Oscar de la Renta), Jean Muir (who has always loved cashmere and has her own designs made up in the Borders) and Belinda Robertson (if in Edinburgh visit her showroom at 22 Palmerston Place).

McGeorge, which is Dawson International's most luxurious label, produces some wonderfully desirable smoking jackets and heavy-ribbed cardigans for men. Another good label is TSE Cashmere, which has made a huge effort to upgrade and stabilise its quality and which manages to deliver cashmere at prices lower than anybody else. This it does by doing everything itself - from owning the goat farms in Northern China to combing and spinning the yarn, as well as manufacturing the finished product.

Part of the secret of its good prices is that it is not trying to do everything - it has a limited but fashionable range of designs and has pared colours down to the season's current fashionable shades, not pretending to offer the wide range that a company such as Pringle might stock.

Devra King is its resident designer and for spring she is combining cashmere and silk and, for summer, pure silk. Coming up soon is a range based on the currently hot notion of layering - pure silk "poor-boy" ribs are topped by cardigans and vests in various lengths, some cropped, some waist-length, some extra long. Look out for TSE's six-ply vest with a ribbed front (£155) and long mid-calf vests (£239) which can be worn over wide pants (£275). No longer just for the pearls and twinset brigade, cashmere these days is high fashion.

Harvey Nichols, of Knightsbridge, London SW1, has the most complete range of TSE cashmere but it can also be found in Harrods, Browns, Fortnum & Mason, Matches of Wimbledon, Coral of Belfast, Pol-



Soft grey two-ply cashmere ribbed roll collar sweater by Lyle & Scott, £226. Also in oatmeal, black, diamond. From Cashmere Stop, 44 Sloane Street, London SW1, and the Scotch House, 84-86 Regent Street, London W1

lyanna of Barnsley and Andy Hanson of Ilkley, Yorkshire.

In the meantime, if you are not looking for high fashion but just want simple classics then Brora sells double cashmere jumpers and cardigans by mail order at excellent prices. Simple round neck sweaters

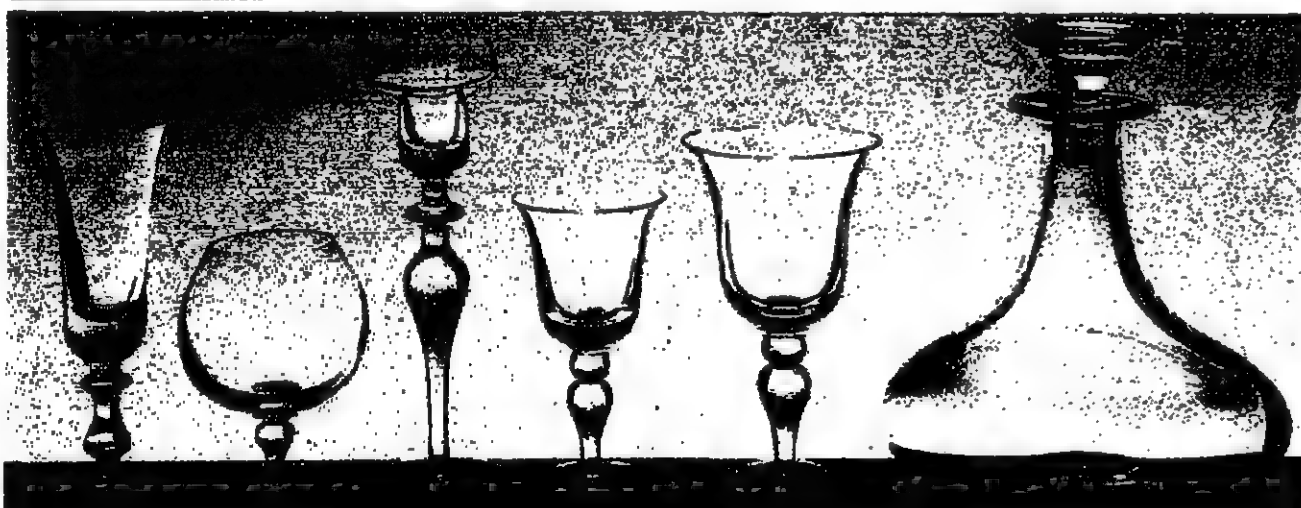
for men and women in sizes ranging from 36 in to 50 in are just £95.50 each. They come in tartan green, navy blue, garnet red, black and burgundy.

Cardigans and polo necks for women, sizes 36 in to 44 in, are the same price same colours. For men,

sizes range from 42 in to 50 in; the price is again the same. V-necked cardigans for men are £134, sizes 40 in to 50 in and come in navy, saphyr, burgundy and tartan green. Write or telephone Brora, 26 Parthenia Road, London SW6 (tel: 071-731-7872).



Mint green cardigan with golden buttons, sporting the Barbour horse logo, £195, worn over a cashmere crewneck, £175. From Barbour



Louis Vuitton. The spirit of travel



L Adornments for the city, adornments from the Amazon... Like every creation from Louis Vuitton, accessories in Epi leather capture all the magic of a golden age of travel. Crafted to exacting standards in the finest leatherworking tradition, they perpetuate the proud heritage of a House which, since 1854, has endowed travel with its symbol of nobility.

LOUIS VUITTON
MAISON FONDÉE EN 1854

Louis Vuitton luggage and accessories are sold only in exclusive Louis Vuitton shops:
London: Mayfair, 149 New Bond Street - Knightsbridge, 198 Sloane Street -
The City, 7 Royal Exchange, Cornhill - Harrods, Ground Floor, Knightsbridge.

BREITLING
1884

INSTRUMENTS
FOR PROFESSIONALS

AEROSPACE
Sometimes only the best will do.
A dependably rugged titanium case
guarantees total comfort on the wrist.
Oversized watch hands provide instant,
reliable legibility. A single manipulation
unlocks all its digital functions.
Chronograph, Timer, Alarm and Second
Time Zone. This instrument watch is
water-resistant down to 100 metres.

AVAILABLE FROM SELECTED JEWELLERS
THROUGHOUT GREAT BRITAIN AND IRELAND.
FOR YOUR NEAREST STOCKIST TELEPHONE 071 835 0130.

IN AN age dominated by
mass-produced pieces Cumbria
Crystal's hand-made full lead
crystal stands out as much
for the manner of manufacture
as for quality of design.
Though most designs are
based on 18th and 19th
century classical antiques

Buying Orientals Rugs? ORIENTAL RUGS

Buy through long-established
International Brokers and save
serious money

Free 24 page
guide to all the
tricks of the trade
Phone
0275 333699
or write to Scott Walker
The Lochan House
Chew Stoke BS18 6YB

PHOTOGRAPHER PATRICK FRENDERGAST

IF YOU WANT A STYLISH AND CREATIVE
APPROACH TO PHOTOGRAPHY IN
COLOUR OR BLACK AND WHITE BY A
PHOTOGRAPHER WHOSE WORK HAS
BEEN PUBLISHED IN BOOKS AND
MAGAZINES.
PLEASE CALL 0773-742578
FOR: PORTRAITS, SOCIAL
GATHERINGS, WEDDINGS AND GENERAL
COMMERCIAL WORK.
ALL WORK CONSIDERED.



TITCHMARSH AND GOODWIN of IPSWICH

New colour
Brochure depicting
"English Oak"
Furniture

Tel: 0473 252158
Fax: 0473 210948

LvdP

Photo: J. J. J. J.

Photo: J. J. J. J.

FOOD AND DRINK

Cookery / Philippa Davenport

Abstain and be merry at Lent

FEW PEOPLE now observe the once-common custom of abstaining from meat on weekdays in Lent. But the idea of eating less meat and more vegetables during this period is far from penitential, particularly if you seek out two of the best vegetables now in season: sea kale and chard.

Sea kale is native to the UK — arguably, the only vegetable that truly is British. The Victorians adored it and served it with great ceremony, for they regarded it as worthy of serving in its own right rather than an adjunct to meat.

They steamed sea kale whole, wrapped it in a damask napkin and laid it in a silver dish. It was eaten in the fingers with a melted butter sauce for dipping. Although sea kale can be used for gratins, soups and other dishes, this simple vegetable treatment probably remains the best way to enjoy it.

Because sea kale is grown in forcing pots, the blanched stalks are long and spindly, topped with embryonic, lilac-tinged leaves. It looks a little like celery but, happily, it lacks the tonsil-tangling strings that run through much celery on sale today.

The texture is crisp and juicy and the flavour is delicately nutty, with

only a faint background note of brassica that harks back to the plant's wild seashore cabbage origins.

You will find sea kale on sale now at Waitrose and Sainsbury. About eight minutes' steaming is all it needs if young and tender.

Chard has not made it into the supermarkets yet, so far as I know, but specialist greengrocers stock it (or should, at least, get it to order from wholesale markets). Most of it is imported from France and Italy.

Chard is as big and bold as sea kale is pale and retiring. It is a handsome plant with dark green leaves and ivory ribs (although some varieties are ruby red). Basically, it is a sort of coarse-leaved spinach cultivated for the sake of its ribs.

I have bought some splendid examples during the past few weeks. Often, the leaves weigh well over half a pound each and they may measure more than 12in from

tip to base, with ribs at least 4in wide.

Sometimes, chard is eaten in its entirety. It is, for example, the main ingredient of a traditional pie cooked at Easter in Genoa, although modern recipes tend to replace the chard with artichokes. And in Val-tellina last year, I was introduced to a dish called pizzoccheri: buckwheat noodles with chard, cheese and potatoes — richly restorative food for cold-weather eating.

More often, however, the greenery and ribs of chard are cooked and served separately. The resilient greenery is used frequently to eke out meat in patés and in southern France there are local recipes in which chard greenery, meat and butter are combined — to my mind, with varying degrees of success. I prefer the partnership of greenery and butter alone: chard makes excellent fritters.

The ribs have a slightly smoky celery taste. They are succulent and



juicy, verging on watery. Like sea kale, they are wolfed down more than willingly by everyone I have met when sauced with such things as hollandaise; melted butter seasoned with anchovy, lemon and parsley; Parmesan butter; or butter with toasted and finely-chopped hazels with cumin.

Both chard and sea kale also make a fine feast when cut into short lengths and boiled or steamed

briefly, then dressed with a tomato cream sauce, or covered with scalded and seasoned cream, scattered with silvers of St Paulin or Morbier cheese, and slipped into a hot oven for a few minutes until the cheese is molten.

CHARD WITH SAUCE AURORE

(serves 4)

Sea kale cut into short lengths and blanched can also be served this way.

Ingredients: 1 lb chard ribs; ½ lb tomatoes; 1 oz sun-dried tomatoes; ¼ pt stock; celery salt; a small bay leaf; a slice of onion; ¼ pt double cream; a little thyme and oregano; 1 tablespoon each softened butter and flour mashed together; 1 oz fresh bread crumbs fried in ¼ oz butter (optional).

Method: First make the sauce. Chop both fresh and dried tomatoes. Bring them to boiling point in the stock with a good pinch of celery salt, the bay and onion. Cover and simmer for five minutes then set

aside for half an hour.

Discard the bay and onion. Rub the remaining contents of the pan through a sieve. Return the mixture to the pan. Stir in the cream and bring to scalding point, then work in the beurre manie gradually. Season with thyme, oregano, salt and pepper to taste and simmer briefly to give good consistency and flavour.

Strip the membrane and any stringy bits from the chard ribs, then cut the juicy flesh into chunks. Drop them in fast-boiling salted water and cook for about five minutes or until done to your liking. Drain very thoroughly. Dress with the sauce and scatter with hot fried crumbs for textural contrast. If serving this dish in tandem with other chard greenery made into fritters, the bread crumbs can be omitted.

CHARD FRITTERS

(serves 4-6)

The coarse, resilient leaves of spin-

ach beet also can be used for this recipe. If you use proper tender-leaved spinach, you will need ¼ lb of it.

Ingredients: ½ lb chard greenery, washed and shredded; ¼ lb plain flour (all white or 50/50 wholemeal and white); 2 eggs beaten with a dribble of olive oil; 1 garlic clove, crushed with salt; nutmeg; ¼ pt semi-skimmed milk (or full cream milk and water mixed); olive or peanut oil for frying; freshly-grated Parmesan cheese for serving.

Method: Make a thick, creamy batter — by hand or using a food processor — with the flour, eggs and milk. Season with crushed garlic, plenty of nutmeg, pepper and sea salt. Stir in the greenery and set aside for at least an hour to marry the flavours. Stir again before use.

Heat oil in a frying pan to a depth of ½ in. Add the batter in dollops, just a few at a time. Space them well apart and flatten them slightly with the back of a spoon. Cook over moderate heat until crisp and cooked through, tipping them over once.

Drain the green and gold fritters on a bed of crumpled kitchen paper and keep hot in the oven — uncovered, or they may turn soggy — while you cook the rest. Serve with Parmesan for adding at table.

Why a varsity match gave Jancis Robinson that sinking feeling... And how Nicholas Lander ate and judged five lunches

OXBRIDGE rivalry is supposed to run deepest on the river Thames between Putney and Mortlake. Isn't it? But this year's Boat Race can hardly be more acrimonious than the Oxford v Cambridge Wine Tasting Match held in London on Tuesday.

This, the 40th annual such blind tasting, had all the usual hallmarks of varsity confrontation: Cambridge accusing Oxford of weighting the boat with too many graduates; women in a minority; and a certain amount of exhibitionism. The cocktail was headily spiked, however, with a few distinctly 1990s ingredients: gratuitous legal wrangling, the strong whiff of hard-edged commercialism, and calculated yobbism.

The Cambridge captain, a law student currently choosing between offers of employment from four investment banks, was proud of the contract he had spent "hundreds of pounds worth of faxes and paper" drawing up between his team and the competition's sponsors, Pol Roger champagne.

"We're the first team to realise the commercial value of all this," he said proudly, nodding at his fellow competitors slurping Pol Roger wines around the celebratory lunch table at London's Oxford & Cambridge Club.

"Yeah," said his vice captain, an American who declared, not entirely coherently, that he could be as rude as he liked since next week he would be at Yale, "teaching scumbags European History".

This charming fellow, seated just two places away from the event's organiser, Bill Gunn, the mild-mannered Master of Wine who represents Pol Roger in England, noisily (and erroneously) laid into the quality of the champagne being hosed into our glasses. The vice captain boasted that Cam-



Before the fracas — hands on glasses, no conferring

Reds, whites and blues

bridge had talked about offering the sponsorship deal to Bollinger, its preferred champagne house, and that it was only by agreeing to the lawyer captain's strict terms and conditions that Pol Roger had secured the privilege of laying on this competition and lunch.

With an eye to relatively extensive press coverage last year (helped enormously by New York Times wine writer Frank Prial's entirely coinci-

denal presence in London SW1 that day), the Cambridge captain had decided to polish up the participants' image.

In order to present a less privileged and more "caring" image, he had insisted that Pol Roger change the prize from champagne to a cheque for £1,000 for a charity of the winner's choice.

No, he had not actually thought about which charity, which was perhaps just as well

since Cambridge lost, by 744 points to 855 (out of a possible 1,440), in spite of fielding one young Australian who dropped only 12 points out of a maximum of 120 in the white wine paper.

The captain/business manager had clearly put more energy into the subclauses than into coaching his team. Younger Cambridge tasters talked wistfully of how much they could have learnt by tasting together and sharing

impressions before the big day, a process assiduously encouraged at Oxford.

While Cambridge fielded the regulation stubble-wearer with FT folded ostentatiously into a Samuel Beckett paperback, Oxford's team was long on neatly dressed mathematicians and democracy joint captains and a positive bias in favour of women.

The opposing captains nearly came to blows across the table when the question of graduate participation was broached. "But our graduates are relatively inexperienced tasters," was Oxford's defence of the maturity of its team.

Oh and the wines themselves? Forgive me, they seemed rather peripheral to the event. A New Zealand Sauvignon Blanc (1991 from Selaks) was spotted by almost everyone, even the judges — myself and Hugh Johnson — along with a full-throated Australian Chardonnay (1990 from Tim Knappstein) and a mature Rioja, Viña Ardanza Reserva 1988.

Best wines there were probably Ch Léoville Las-Cases 1985 (Cambridge had contracted Pol Roger to lay on some smart wines) and Mascarillo's Barbaresco Marcarini 1985 (£17.99 from Winecellars of London SW18).

The worst wine, by far, was an unexpectedly oxidised Meursault, Naveaux 1989 from Boyer-Martinet, which some participants loved. This did not surprise me one little bit.

JR

Learning at lunch

I KNOW that there are some people out there who, perhaps for commercial reasons, eat lunch out every day of the week. But I have never done so. When I was a restaurateur, lunch was one course at 3pm and now that I am a reviewer, I try to space out my pleasures.

That is until last week when I judged a new culinary competition, *Pris des Deux Cotes*, devised by wine importers Domaine Drouhin & Associates. This challenges chefs and sommeliers to create a menu and choose four wines to match and enhance the food. There was a substantial reward for all who reached the necessary standard.

The five finalists were: Michel Roux, of the Waterside Inn, Bray; Charles Metcalfe, wine writer; Bill Baker, wine merchant; Victor Ceserani, whose book *Practical Cooking* has sold 1.5m copies since 1982 and is the "bible" for any catering college student; and myself. We met in December to judge 70 written entries, without knowing their origins. Surprisingly, we eliminated all the London entries at this stage, including The Dorchester, The Inn on the Park and Les Savoirs.

The five finalists were: Burgh Island Hotel, South Devon (tel: 0548-810514); the Waterside Inn, Bray (0628-20691), although Roux neither knew it was being entered nor judged the meal; Lucknam Park, Wiltshire (0225-742777); One Devonshire Gardens, Glasgow (041-338-2001) and The Old Swan Hotel, Harrogate (0423-500055).

All five achieved high marks with various food and wine combinations. Burgh Island overcame the problem of having to prepare John Dory on a Monday by bringing the fish, landed on Sunday in Newlyn, Cornwall, to London by train.

The Scottish entrants drove eight hours in a hired van with their own cutlery, crockery and tartan ribbons for the napkins. They also brought their own ingredients: a 14lb wild salmon from Loch Lomond — delicious with a Joseph Drouhin Rully Blanc 1990 — and a saddle of one-year-old roe deer shot in Aberdeenshire and hung for 12 days.

The Waterside Inn executed a cascade of scallops and langoustines memorable for the quality of the fish and the flavours of the vegetable nage. Lucknam Park dazzled with its *amuses-gueules* — chilled Helford oysters and scallops with a pepper confit — as well as its first course, tortellini of Jerusalem artichokes with a truffle butter sauce.

The Old Swan's cooking was considerably enhanced by Mark Kirby, a young man who had joined the hotel three weeks earlier and been rapidly promoted because its sommelier had fallen ill.

But at the end of every meal, when the chef and sommelier joined us for coffee, I and the other judges felt disappointed. This was partly because only the team from Glasgow (its sommelier is called Johnnie Walker) had approached the competition scientifically and sat down to test the food and wines at one sitting.

"THE FOOD AND THE WINE WERE SO WELL MATCHED I COULDN'T TELL THEM APART."



The others tested haphazardly and made silly mistakes. The sommelier from Lucknam Park tried to "create a contrast" by matching a rich chocolate pudding with a rare vin de paille 1983 from Chapoutier. He succeeded only in creating what fellow judges Baker and Metcalfe described as "a disaster".

The Waterside Inn's team produced a savarin of pears and ginger that was over-

whelmingly sweet for the late harvest Gewurztraminer 1990 from New Zealand. Only Burgh House found a good dessert and wine combination by serving a simple apple pastry with a delicious 1986 Sauternes Chateau Rieussec.

More seriously, although the first courses were excellent, in four out of the five meals the main courses and the wines chosen were just not well matched. Had I been a paying customer I might have felt more than disappointment.

These feelings were articulated by Victor Ceserani. He began with a compliment, then dished out the constructive criticism, based on 30 years in professional kitchens. Do not put shallots and chives in your *amuses-gueules* — leave the customers' palate clean for the first course; do not get carried away with the reduction of your stocks or they become too heavy; do not overdo the ratio of stuffing to meat, it should be 50:50; and, for two of the chefs, a warning against putting too much sauce underneath the main course.

The competition left five British chefs and sommeliers more aware of the potential and pitfalls of matching food and wine. Three teams, from the Waterside Inn, One Devonshire Gardens and Lucknam Park will learn more on the trips they have won to European vineyards. And, after a week, it has left five judges just a little bit plumper.

NL

United Cutlery
A FULL SET OF SOLID SILVER CUTLERY FOR JUST £1250
—1000 SETS ONLY—

We are pleased to announce a strictly limited release of our award winning sterling silver cutlery at these very special prices:

44 Piece Set - for six people £1250
60 Piece Set - for eight people £1750
88 Piece Set - for twelve people £2400

Each piece of this magnificent hand crafted and extra heavy cutlery is individually tested and hallmarked by the Sheffield Assay Office and carries an unconditional lifetime guarantee.

The choice we offer is equally impressive - 18 beautiful patterns and a large inventory of useful extra pieces too.

Quite simply the finest full weight, full size solid silver cutlery in the world at remarkably low prices.

Demand will be huge, supply is limited to just 1000 sets, so send for details today by completing the coupon, by telephoning during normal business hours, or fax us anytime.

Alternatively you may like to visit our showroom and factory where a warm welcome awaits you.

United Cutlery of Sheffield
Peter Street, Sheffield S4 8LL. Phone: 0742 433986 Fax: 0742 437128
0742 433985 Please send me full details of your sterling silver cutlery.

Title: _____ Name: _____
Address: _____
Postcode: _____

Don't miss United Cutlery of Sheffield, 181, 182, 183, Sheffield S4 7YQ (no stamp required)

The Royal Borough of Kensington and Chelsea
RUE BROMPTON SW3

Now you don't need to go to France for authentic French cuisine

For authentic French cuisine, look no further than Brompton Road... home of Restaurant St Quentin and Grill St Quentin. At the Restaurant St Quentin, superb à la carte and table d'hôte menus are available daily, and an elegant private room can be booked for parties.

The more informal Grill St. Quentin offers a selection of fresh shellfish, grilled meats, fish and oysters in an atmosphere of spacious comfort. So leave your passport at home and visit Restaurant St. Quentin or Grill St. Quentin... open for lunch and dinner seven days a week.

St. Quentin
Restaurant St. Quentin, 243 Brompton Rd, London SW3 2EP
Telephone: (071) 587 8005 Facsimile: (071) 584 6064
Grill St. Quentin, 3 Yeaman's Row, London SW3 2AL
Telephone: (071) 581 8377 Facsimile: (071) 584 6064

Always in good shape.

Appetisers / Jill James

Those who would like an inexpensive holiday with simple food at reasonable cost can pencil in The Worms Head hotel, Rhossili, in south Wales, which is being refurbished by enterprising Welsh chef Colin Presdee.

Presdee, bouncy presenter of food and recipe ideas on BBC Radio Wales, is busy redecorating and menu planning. The hotel is open now but wait until Easter when the workmen will have departed.

Local seafood — try the gratin of laverbread and cockles — and home-cooked hams will more than satisfy the students and keen walkers whom Presdee hopes to attract. With simple single rooms starting at £10

a night and ensuite doubles at £25 he should not have too much trouble filling the 24 bedrooms. Views are stunning. Tel: 0792-390512.

Welsh Food Fortnight continues next week with six top Welsh chefs showing some of London's restaurants their secrets. Franco Taruschio is cooking at Turners (071-584-6711), Peter Jackson at the Goring Hotel (071-396-9000), Stephen Bull at his own Bistro (071-490-1750), Chris Chown at Alastair Little (071-734-5183), Dominic Gilbert at Hilaire (071-584-8938) and Dai Davies at the House of Lords (presumably you need a friendly peer to sign you in).

Beijing's finest point

is right

in its centre.

THE PALACE HOTEL
Beijing

SHARE THE EXPERIENCE

The Peninsula Hong Kong • Manila • New York • Beverly Hills
The Palace Hotel Beijing • The Kowloon Hotel Hong Kong

HOW TO SPEND IT

Top. Anybody seen my Tiger Moth? Dark green chambray-lined softest leather helmet with matching goggles; also in black, brown, racing green, white and red. In small, medium, large or extra large. £75 for the helmet, £75 for the goggles, p&p, £5. Right. I'm just off to Henley; hop into my MG and I'll give you a whirl. Tweed in a multitude of variants, including your own if you happen to be amongst the grandest who have an estate tweed of your own. Lots of different sizes. £38, p&p £2.80.

Illustrations by Kim Dalziel

Top. Here's looking at you, kid: Chelsea-style felt trilby, beloved of Eric Clapton and many others before and after. Made from fur felt trimmed with a grosgrain ribbon. It comes in a range of colours - brown, black, grey and navy - and a big range of sizes. £85, p&p, £5. Right. And is there honey still for tea? Perfect for punting on the Cam, garden parties, summer weddings. Softest cream panama trimmed with paper fibre flowers. The straw can be dyed to order. One size but can be adjusted to fit several sizes. £70. Postage and packing £5.

Top left: Must dash...I'm fearfully late for lunch at the Caprice. Crunchy black straw hat with organza bow. This hat is made to order only so it can be ordered in any size. It also comes in red straw. £169. P&p £5. Above right: I'm just off to catch the Trans-Siberian Express where I have a romantic rendezvous. Green velvet smoking cap which comes in any size, can be ordered in any other colour and can even be made up in any fabric of your choice. £50. P&p £5. All hats available only from James Lock, 6 St. James's, London SW1

Tip the wink, hats are back

HATS, according to Richard Stephenson, top hatter at James Lock in London's St James's, are back in fashion with the young - well, the younger, at least.

The average age of our customers has dropped in the last ten years from the middle 50s to 50s to late 40s, and it is still falling," says Stephenson, who has spent almost 40 years in the family-controlled business. Lock, founded in 1876, has long been renowned as the supplier of essential headgear for riding, hunting, shooting and fishing to the likes of Prince Philip and the landed gentry.

"We also now have more customers associated with young people: rock star Eric Clapton has been in twice - first for felt hats for himself, then back again with a friend for felt hats to send to the US. Paul McCartney is a fan, so is his wife Linda, and Ringo Starr is also a customer," says Stephenson. "Fashion in hats is cyclical. The generation whose fathers wore hats were the 1960s rebels who said 'If Dad wears one that's not for me, that's old hat' - if you'll pardon the pun."

Stella Shamoon meets a hatter who sees brighter times ahead

Now there are few long-haired men around. Young men are conservative with a small c, rather dandyish, and like to dress formally and to wear the right thing - that's good for business.

Show business, too, is good for Lock's trade. Apart from the ageing Beatles' penchant for rabbit fur felt hats and fine tweeds with which to cover their greying mop-tops, films such as *Bugsy*, starring Warren Beatty, and other period epics - *Bridgeshead Revisited* and *Chariots of Fire* for example - inspired a cult in hats among younger men.

Lock has occupied the same period Grade II freehold site since 1764 and the shop has hardly altered since Lord Nelson drew up there in a carriage to buy the hat he was wearing when felled during the battle of Trafalgar. "We were upset that our shop was only Grade II until we discovered that Grade I was reserved for buildings such as Buckingham Palace and Blenheim."

Lock's traditional customer base is 95 per cent male and heavily weighted towards the county set and what Stephenson delicately dubs "the new gentry," embracing show business personalities and style-conscious foreigners - notably Milanese, New Yorkers and Parisians whose purchases of quintessentially English headgear accounts for 55 per cent of Lock's annual sales.

Turnover was £900,000 last year and Stephenson is targeting £1m this year. He is keeping profits under his hat, as it were, but makes no secret of the fact that in common with other West End purveyors of luxury goods, Lock's mark-up

on cost is 100 per cent.

There are ten full time employees at the shop, including himself and the export director. The annual salary bill runs between £150,000 and £200,000, with advertising of £18,000 a year on top. The shop is worth up to £1m, with extra space to requirements rented out at some £14,000 a year. Meanwhile, the brand's value is incalculable.

The business is owned equally by the Stephensons and another family, the Macdonalds. There are two brothers from each family on the board together with the export director, Michael Sydney. So far, none has made a fortune from Lock but it affords a decent, genteel living with the promise of riches one day, once the full potential of its brand is unlocked.

Stephenson has his eye on the women - and the military. There has been a conscious effort to attract more stylish women into the shop with "millinery" as opposed to essential headgear. Lock's sales to women are a big growth sector of the business.

There is no formal design team. Stephenson and Michael Sydney "do our bit in putting together new thoughts." The result is there have been more new styles in Lock's shop in the past five years than in the last 25.

Prices run at some £180 for ready-made felt hats - a custom-made one would hardly cost more at about £195 - to nearly £300 for a custom-made riding cap. Hand-made silk top hats are £225. Virtually all Lock's stock, which is made by trusted specialists to Lock's specification, is hand finished.

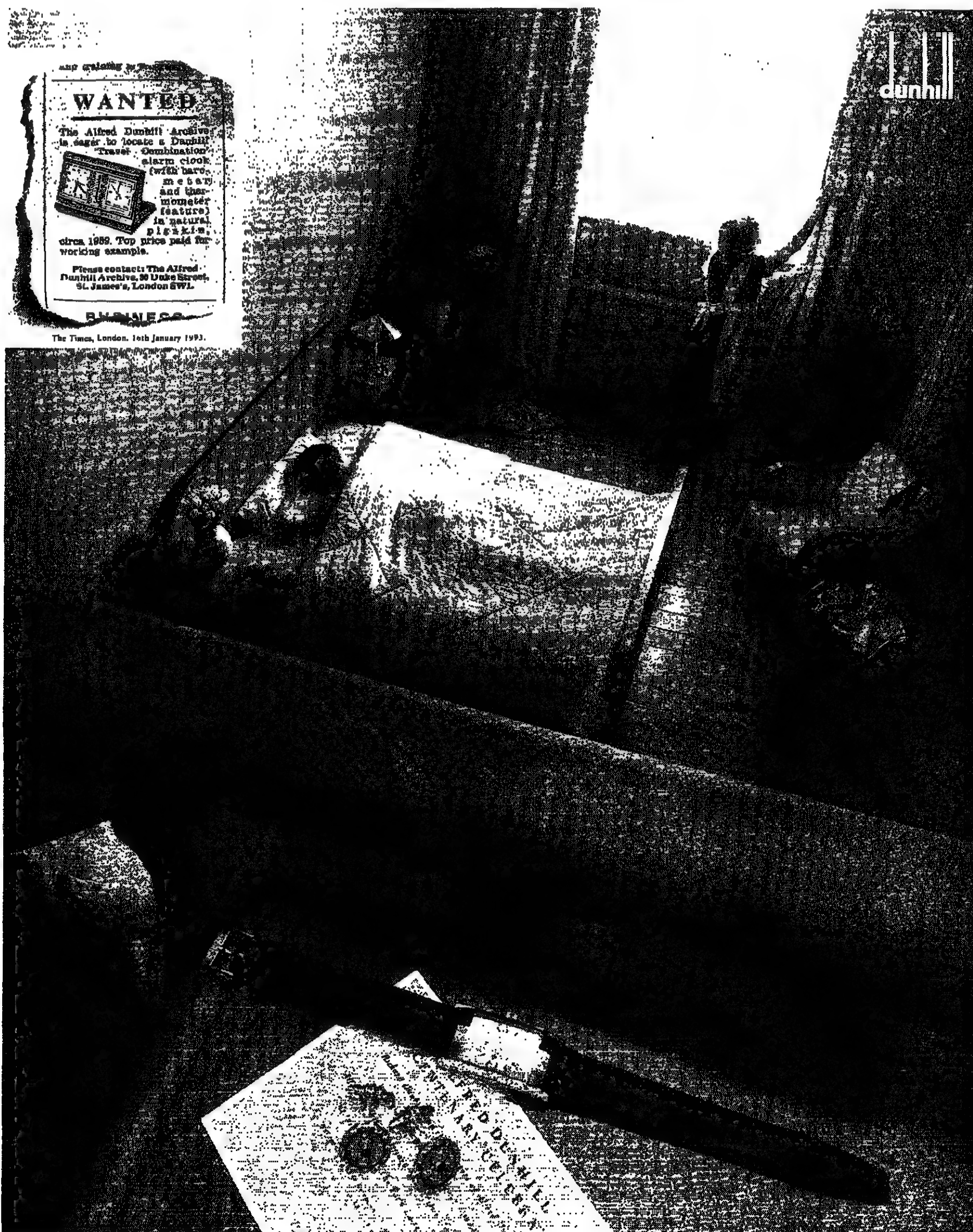
Meanwhile, there are constant requests for a "complete overhaul" of existing hats at £25 to £30 a time. If menswear is in the vanguard of recession, then hats come top in terms of non-essential purchases in most people's books. But, confides the jovial, cigar-puffing Stephenson: "Our export side has been doing well, particularly in Europe, even when the pound was stronger. We plan to build on that."

Stephenson's well-kept secret is a pretty young milliner called Rachel Trevor-Morgan who is Lock's tenant and happens to produce delectable, dressy little hand-made hats. Trevor-Morgan's confections are now displayed incongruously among Lock's tweedy sensible styles for women.

Trevor-Morgan, who has had her own business for two and a half years after training with Graham Smith and Phillip Somerville, says: "It is boom time for the hat industry. There are a lot more young designers coming into the business, which was greatly boosted by Princess Diana and the panache with which she wears her hats. Younger women are wearing hats - not just as grand occasion accessories, but for dramatic emphasis to their faces and outfits."

Trevor-Morgan's hottest number this season is the tall crowned riding hat (strictly NOT for riding in) at about £200. Her crunchy straws, raffia-like in texture, go for £220.

ALFRED DUNHILL



Photograph shows Dunhill 18ct gold, faceted watch based on a 1936 design, one of a range produced to celebrate Alfred Dunhill's centenary. This morning, however, an alarm clock might also have been useful.

Sought after since 1893.

MOTORING AND SPORT

Real stars do outshine those with facelifts

THERE are so many genuinely new models, as distinct from mature but facelifted ones, at Geneva's Salon International de l'Automobile this week that picking the star is a problem.

Is it Ford's Mondeo, Citroën's Xantia, Peugeot's 306 or the Opel Corsa? Or even a new and seductive Aston Martin DB7?

If money and sheer size were the only criteria, the star would be a one-off Rolls-Royce convertible that weighs in at 3.5 tonnes, measures 21 ft (6.3 metres) long and can be yours, squire, for just £2.1m. Yes, 2.1m pounds sterling, not dollars or marks, is the price of this over-egged monster with a front end like that of the late and unlamented 1975 Camargue two-door, arguably the worst car Rolls-Royce ever made.

If you fancy something a little nimbler, how about a V12, 500 hp, four-wheel driven Bugatti EB112 four-door which, with a top speed of about 200 mph (322 kph), is claimed to be the world's fastest saloon car? This is a joint effort between Bugatti Automobili and Italdesign.

It looks remarkably like the Kensington, a V12-engined Jaguar concept by Italdesign's Giugiaro studio. This car - a genuine runner, not a mock-up - caused a sensation at Geneva in 1990 but little has been heard of it since.

Is the £175,000 Bugatti a technological masterpiece or a hostage to fortune? It depends what role you see for the motor car in a future dominated by radar camera-enforced speed limits and concern for the environment.

Back in the real world, a probable star of the show would be the Mercedes-Benz C-class - if only it were there. This is the car that will succeed the 190, the best-selling model ever to wear the three-

Geneva's talk of the town has stayed away, says Stuart Marshall

pointed star. The C-class had been expected to make a Geneva debut but, having issued pictures and some details a week or so ago, Mercedes-Benz seems to have felt there was no need to display the car at the salon.

It will be at the Frankfurt show in September, three months after going on sale in Germany and other left-hand drive markets. Britons will see it at London's Motorfair in October, by which time right-hand drive cars may be in British showrooms.

Citroën and Opel think differently from Mercedes-Benz. They, too, leaked information

about the new Xantia and Corsa well before their media launches last month. Yet, both made their new cars the centre of their stands in Geneva.

Even so, the C-class is a major talking point there. Although only 1.5 in (4 cm) longer than the 190, it is said to be much roomier and more comfortable and to come with an air-bag as standard on the driver's side.

Buyers will have a choice of four multi-valve petrol engines (1.5-litre, 122 hp; two-litre, 136 hp; 2.2-litre, 150 hp; and 2.5-litre, 197 hp) and two new diesels (2.2-litre, 95 hp and 2.5-litre, 112 hp). These are the world's first diesels with four valves per cylinder.

Although the proof, as ever, will be in the driving, the C-class is likely to become the benchmark car in its category.

That is what the 190 has been for the past 11 years, during which more than 2m have been sold, 72,000 of them in Britain.

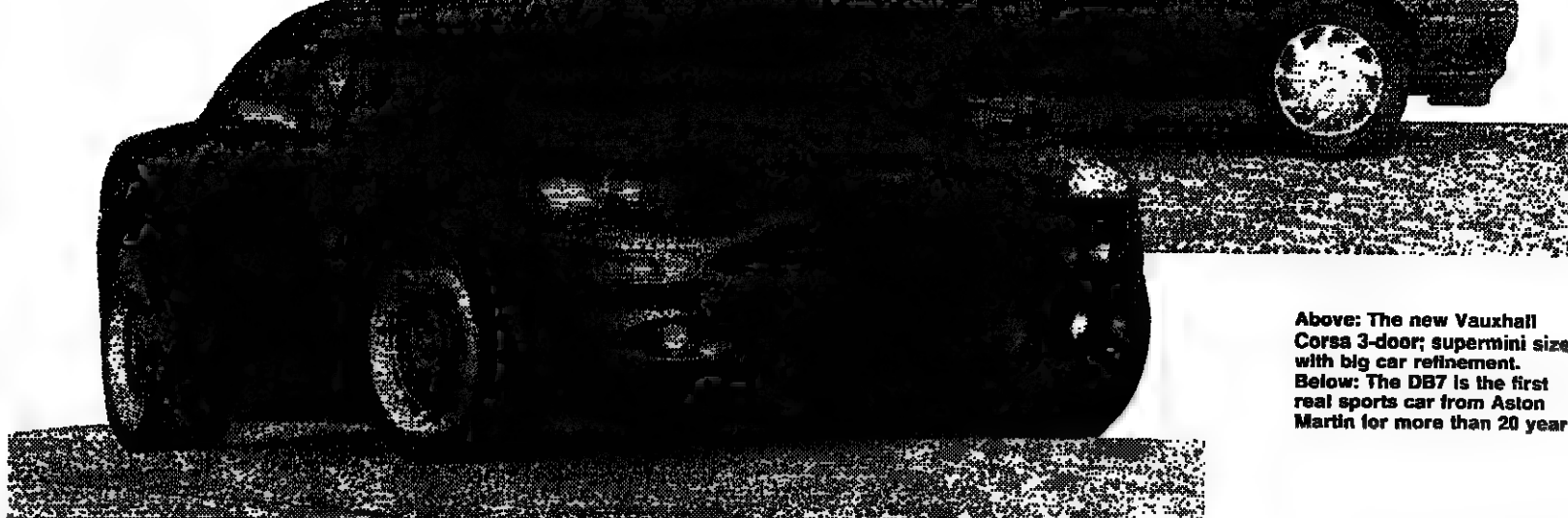
The General Motors' Opel Corsa, which I drove in Spain last week, is an attractive small car - or, rather, two small cars. Because the three- and five-door versions look so different, it is hard to credit they share the same platforms, power trains and suspensions.

When the 17-model Corsa range - which replaces the Nova - goes on sale in Britain this spring, there will be 1.3-litre, 1.4-litre and 1.6-litre petrol-engined versions and two 1.5-litre

diesels, one of them turbo-charged.

All Corsas bristle with safety and security items, like seat belts that tighten automatically in a crash and side-impact protection beams. Door deadlocks are available now; a driver's airbag will be by the year's end.

Of the four I drove, my favourite was the 1.4-litre, 82 hp GLS petrol model - but only by a very short head from the 87 hp TD turbo-diesel, which has an exhaust catalyst to make it super-clean. They rode like big cars, not super-minis, on Andalucia's hot and worn roads. And they proved - as has Nissan's Micra - that buyers of



Above: The new Vauxhall Corsa 3-door supermini size with big car refinement. Below: The DB7 is the first real sports car from Aston Martin for more than 20 years

small, cheap cars can now enjoy the quietness and refinement once found only in large, expensive ones.

A 109 hp, 16-valve Corsa 1.6i was a rousing performer, smooth on the motorway, nimble on bends but a bit knobbly on granite setts.

These are early days to be talking about Car of the Year 1994, as votes will not be cast until late autumn. But it could well be a four-horse race between Mondeo and Corsa, Xantia and Mercedes-Benz C-Class. If so, my money probably will be on the Mondeo.

Apart from the three main Geneva debutantes (Mondeo, Corsa and Xantia), Peugeot is

displaying its 306 replacement, the 306, first seen last month at Amsterdam Show. And Nissan's Spanish-built Terrano II, which also will be marketed by Ford as the Maverick, also makes its bow.

This recreational, on/off-road estate, with three or five doors, has selectable four-wheel drive and a 2.4-litre petrol or 2.7-litre turbo-diesel engine.

It will, no doubt, perform as capably as any of the present generation of high-slung 4x4s on the rare occasions it is taken seriously off-road. But Nissan's aim has been to produce a civilised alternative to a conventional, up-to-seven-seat family estate car, that will pull

horse trailers and will not allow owners to look foolish by getting stuck in muddy car parks.

Both the Terrano II and its Ford Maverick clone enter Britain's burgeoning 4x4 market early in summer.

Aston Martin lifted the veil on the DB7, its first really new car in more than 20 years. In contrast to the two-ton, V8-engined, dinosaur Aston Martins, the DB7 is of the same bloodline as the DB6 that died in 1971, although entirely up to date. It looks a proper, hard-topped 2+2 sports coupe.

More importantly, massive pulling power from low revolutions promises easy drivability in traffic. With a five-speed manual gearbox or four-speed automatic, and standard air-conditioning, the DB7 will sell in Britain for under £80,000 from early 1994.

Before that, Ferrari's new 348 Spider, shown for the first time at Geneva, will be available for less than £50,000 to UK buyers this summer. A strictly two-seat car with a 3.4-litre, four-cam V8, it is motoring's forbidden fruit personified.

■ The Salon International de l'Automobile is being held at Palexpo, adjoining Geneva airport, until March 14.

Rugby / John Hopkins

Lion rampant v Lion passant



Hastings: thunders in from full back as often as he can

THERE IS much more at stake at Twickenham this afternoon than whether Scotland can beat England in the 100th Calcutta Cup match between them and win the Triple Crown of the Five Nations championship. The sub-text is this: which of the two captains, Gavin Hastings of Scotland and Will Carling of England, has the better game? The one who comes out on top is likely to be named captain of the British Lions when the party to tour New Zealand is announced later this month.

When the championship started in January, Carling was clear favourite. He had led England to victory in 24 of 31 matches. Under him, England had won two successive grand slams, were favourites to win a third, and had reached the final of the 1991 World Cup. Carling, just 37, seemed to have it all going for him.

Hastings, on the other hand, was the newly-appointed leader of Scotland following the retirement of David Sole. After 41 appearances for his country, during which he had scored 10 tries and nearly 400 points, his abilities as a player were not in doubt. But he was untested as an international captain.

How things change. England scraped home against France and then blew their grand slam chance by losing to Wales at Cardiff. Suddenly, doubts were raised about both the England team and Carling's suitability to lead the Lions.

While this was going on, Scotland and Hastings thumped Ireland, lost narrowly in Paris and then trounced

Wales. Hastings, who missed five kicks out of six against France, landed five penalties against Wales.

Carling and Hastings are bachelors, dashing and fearless men who play rugby as if to a script by John Buchan. Hastings thunders in from full back as often as he can, relishing the opportunity to throw his 15-stone frame at the opposition. Carling is lighter on his feet (he weighs just over 14 stone), very fast over 20 metres and has the upper body strength of a wrestler.

The top candidates to captain the tourists meet at Twickenham today

Hastings, who is three years older and was first capped in 1986, one year before Carling, has captained almost every team he has played in - Watson's College, Cambridge University, London Scottish, the Barbarians. But, then, so has Carling - Sedburgh school, England Schools, Durham University.

When it comes to deciding the captaincy of the Lions, two voices will carry special weight. The first is that of Ian McGeechan, the Scottish coach who also will coach the tourists.

"Gavin is very confident and very secure and positive in what he is trying to do," says McGeechan. "Temperamentally, he is very sound. Because of his size, he is someone we can work off. He can join the line well but, most of all, he is good under the high

ball. He has an outstanding reputation world-wide; and if there is one thing he has done well this season, it is to draw the new players in with the old players.

"I was pleased about that. I thought he was the right sort of person for the role of captain, but there were those who said that he was not very impressive as a club captain and, therefore, wondered why he should be made captain of his country.

"To my mind, captaining one's club and one's country

are two very different jobs and I did not think you would know how he would respond until he was given the job. His performances this year have got progressively better."

Carling was first appointed captain when he was 23 and the youngest member of the England team. It is easy to imagine the shafts of scorn that were directed his way by some of the experienced forwards. Carling, after all, was a fresh-faced squirt: public school, middle-class, officer material and, to cap it all, a back, someone who did not get his knees dirty or soil his hands.

He had to win his spurs with some of the hard-nosed members of his team and Paul Ackford, the former England second-row forward, suggested as much when he said not so long ago: "Will is a good captain

now." The implication was that, once he was not Carling's good looks, his success and his ability to generate money have unleashed the green-eyed monster in many.

You could say that Carling is too smooth by three-quarters. He has, however, a remarkable record. "He is the most successful captain in international rugby," says Geoff Cooke, the England team chief who will manage the Lions.

Cooke was responsible for making Carling skipper in 1988, and has said it was one of the best decisions he ever made. But he admitted: "Eyebrows were raised at the time. He was a newcomer to the team but we were looking for continuity. We had lost several captains in quick succession and we wanted someone who would hold his place."

"Bob Andrew was one candidate. Dean Richards was another and perhaps Brian Moore as well. We looked at them all and came up with Will. He has to be able to handle the off-the-field stuff as well."

McGeechan and Cooke agree that a captain "must have credibility among the players" (to use McGeechan's phrase) - something which has not always been the case on Lions' tours. "You cannot earn respect as a captain unless you first of all have it as a captain," says Cooke.

So, will it be Carling or Hastings for the Lions? The choice is unenviable. The sole blessing is that, for once, British rugby has two such good players and captains from which to choose.



Carling: very fast over 20 metres

Soccer / Peter Berlin

A law unto themselves

SOCER fans, officials, and even players and coaches agree that their game is not what it was. Yet every time FIFA, world soccer's governing body, tries to solve the problems by tweaking the laws, the response is outrage from those fans, officials, players and coaches. FIFA is ruining the good old game, they cry.

Its recent obsession with the laws dates from the 1990 World Cup finals. The competition is FIFA's pride and joy. In Italy, Argentina reached the final after winning only two of their six games in normal play (they won their quarter-final and semi-final on penalty shoot-outs). On the way, they scored only five goals and accumulated 20 yellow cards and one

red card. In the final, they barely attacked.

The balance of the game had tipped too far in favour of defence. Furthermore, FIFA's statistics showed that, during the finals, the ball was in play for an average of just over 50 minutes a game and sometimes much less, far too low.

FIFA decided to act. As is so often the case, though, the effects of its attempted reforms have been rather less dramatic than expected. Both FIFA and its critics have underestimated the wit and resilience of players and coaches.

The first change was a law introduced last season which meant defenders who stopped a goal attempt by foul play would be shown the red card. Sendings-off in the English league rose 21 per cent, from 202 to 245 - or just one extra offence punished every 47 games. There was little noticeable change in the quality and style of play.

By last August, professionals had something else to moan about. FIFA had made it illegal for goalkeepers to pick up back

passes. This change was passed, says FIFA's Andreas Herron, to eliminate time-wasting and to force defenders to try to create attacks.

Despite its good intentions, the change drew predictable criticism. One is that - heaven forbid! - it forces goalkeepers to play football.

'The balance of the game has tipped too far in favour of cynical defences'

Another, common in England, is that it has speeded a game that was too fast already. But this was FIFA's intention.

In any case, it depends what you mean by "fast." In English soccer, nobody is running any faster; they were at top speed already. There are just fewer gaps in the helter-skelter.

An amateur referee told me that the back pass penalties defenders were given is no foul play; but the same could be said of off-side and the rules that limit goalkeepers to four steps with the ball.

He also said that while he was happy to see the long back pass eliminated, it was unfair to remove a defender's only option when facing his goal in tight situations. In truth, the sight of highly-paid professionals making idiots of themselves has added greatly to the joy of soccer this season.

FIFA is still not happy. Its international board met last Saturday in Hertfordshire, England, to kick around the idea of replacing throw-ins with kick-ins. Afterwards, Sepp Blatter, FIFA's general secretary, admitted disarmingly that he did not have a clue what effect this change might have.

Herron says FIFA have made no final decision on whether kick-ins will be direct or if players can be offside from them. It proposes to experiment with the change in two

young tournaments. If it works, there will be another trial in the Hungarian league. If not, it will be dropped, which is why the whingers are moaning now. They may not have the opportunity later.

Purists blame the proposal (like so many things) on the Americans, even though the change will not affect the 1994 World Cup in the US. Anyone who has taken Americans to soccer games will know that one thing they always ask is: "If it's football, why do the players throw the ball in?"

Good question. The answer is that, originally, the ball was kicked in; the rule was changed to limit the range. That is why the mechanics of the throw-in are so complicated. There are amateur teams without a single player able to throw in the ball legally, and foul throws are irritatingly common even at the highest levels. Now that FIFA wants to find extra ways of getting the ball into the goalmouth, restoring the kick is a logical move.

Critics complain that a

kick-in would "devalue a corner." But the goal standard is soccer's only meaningful currency. In any case, English soccer is packed already with players who can hurl throw-ins 30 yards into the goalmouth. The truth is that this reform would have far less effect than critics suggest.

Meanwhile, the Argentinians collected all those cards in Italy by persistent foul play and FIFA has not addressed that problem. Defenders can still give attackers a good kicking and get away with it.

The laws demand that the referee must be a mind-reader. He must assess a player's "intent" to commit a foul. Defenders have become masters of the "unintentional" collision. In practice, referees are often prepared to judge by appearances.

David Elleray, a top referee, suggests that the laws should make it a foul "if a player makes contact with an opponent without or before making contact with the ball." That might eliminate some of the bone-crunching, tendon-severing collisions that some consider one of the more attractive elements of British soccer. It would, however, give attackers a better chance of making it through a defence, through a match or even through a season, in one piece.

LASER CORRECTION OF SHORT SIGHT

At the Arnott Ophthalmic Clinic
The Cromwell Hospital
Cromwell Road
SW5 0TU

Treatments for all levels of short sight with full hospital support

For freedom from glasses and contact lenses

For further information and advice please call:
071 835 1035



Dedicated to the most advanced techniques in patient care

PERSPECTIVES AND SKIING

The victim falls in Sir Edwin Landseer's *The Hunted Stag*, but culling is necessary to protect the Scottish environment

The monarch's assassin

Jonathan Young on why deer culling is necessary in the Scottish Highlands

WINTER'S SEVERITY bleaches the colour from the Scottish Highlands, as the heather's blaze is replaced by monochrome of snow and rock. To most, the hills are a picture of still life. To Malcolm, they are a living chessboard.

Malcolm McCarthy has been a professional stalker for 30 years and is of his ilk, blending kindness with irony. He loves his deer and so culls them heavily. His employer's estate is part of a deer management programme monitored by the Red Deer Commission. This year they have to shoot 35 hinds to meet their quota. Throughout the Highlands other stalkers on other estates are already busy culling.

It is a hard task. Dick Youngson, senior deer officer of the government's Red Deer Commission, has watched the deer population rise from 270,000 a decade ago to 300,000 today.

According to Youngson, that is 50,000 deer too many. "The Scottish deer population consists of 86,000 stags, 160,000 hinds and 54,000 calves. We are working closely with all the deer management groups to achieve an overall stock of 110,000 hinds, to produce an annual birth of 40,000 calves, both male and female."

The prize for this endeavour is great: the return of the original Caledonian forest. Once the open Highland hills supported a native woodland of Scots pine, birch and rowan. That environment has all but disappeared through overgrazing.

The government's Agency, Scottish Natural Heritage, is bent on the restoration of the woods. But this can only be achieved by controlling the deer. On this, all are agreed, though some question whether it is practicable to turn back the environmental clock hundreds of years.

Others point to the 9.4m sheep close-cropping the Scottish vegetation at a cost, in tax-payers' subsidies, of £25 per hill ewe. They contend that, rather than taking drastic action against the Highlands' natural inhabitants, the red deer, we should reduce the number of their domesticated competitors.

It is an attractive argument, especially for those who view the Highlands either as a sporting playground or as a natural, glorious wilderness. To the Highlander, it is neither: the hills are his livelihood. It is a precarious one. Many suspect that the subsidies will go eventually, and with them the hill-farmer's life. Until then, the sheep stay and the deer are blamed for the environmental damage.

There are some politics in this. In urban Scottish offices the bitter memory of the Highland Clearances remains: the sheep are the working

man, the deer are the lairds. If there is a problem with overgrazing, the landowner must deal with it, by eradicating the deer if necessary.

In the Highlands, they are more pragmatic. According to a survey by the British Association for Shooting and Conservation, field sports contribute £173m to the Scottish economy, of which deer-stalking brings in £5m. To shoot a single stag costs an average of £250 - and the estate keeps the carcass. The estates, their stalkers and ghillies, the hotels, restaurants and a plethora of other local services rely on this annual injection of visitors' cash.

The Scottish stag season only lasts four months, however, and estates have to be manned year-long. The big payers, the Germans, are now looking eastwards, where the rich forests of Romania and Hungary produce huge red deer with forests of antlers.

Red deer hinds, having no antlers, have no commercial value other than their meat and this barely makes enough to pay the stalker's wages. In good years, venison off the hill will fetch 70p per pound, making an average hind worth £50. Most of the venison is sold to Germany and Belgium, where the average consumer is used to eating game regularly.

However, this is a fickle market. Continental prices for venison were shattered following the Chernobyl radiation fallout and the discovery that Scandinavian reindeer had grazed irradiated mosses. Commercial deer farming has also had an effect. The venison market is beginning to recover but at the moment a hind beast is fetching just 40p a pound.

With the hinds producing little income and stalkers still needing to be paid, some deer forest owners have chosen to let staff go and their hind cull slide. To an extent, they can rely on nature. Deer can withstand intense cold so long as it is dry, but succumb rapidly to prolonged wet, windy weather. Having lost condition, the deer die from exposure and starvation.

With this in mind, I wriggled through the snow-melt after a Malcolm. Way down in the glen we had spied a small parcel of hinds feeding some 300 ft above us. We had made slow progress. A shifting breeze had threatened to carry our scent, forcing us to climb above the hinds where a steady breeze allowed an approach. Then a single hind, sensing our approach, had kept us pinned in the bottom of an icy burn.

Finally, our surveyor moved off. Malcolm took the rifle from me and we slid forward for 30 yards on our stomachs. He checked the rifle, worked a round into the chamber and placed it carefully on his knapsack. Head buried, he signalled me alongside. "The two hinds on the left. If either of them turns broadside on, shoot."

One does, and collapses. The hinds stop, unable to see or smell us and unsure as to the direction of the gunfire. A second beast turns sideways, allowing a heart shot. Already dead, its reflexes send it crashing down the hill. A third hind disappears over the brow. That, it seems, is that. We stay hidden for three minutes then walk forward to gather the beasts and inspect them. One is in good condition, the other two have sparse coats and one weighs little more than a yearling calf. These two were destined for early starvation. Sharing the carcasses between us, we begin the long drag down the hill.

In a way, hind-stalking is assassin's work, with the deer unconscious of the danger and of the bullet. Yet who could deny that it is a better death, coming instantly, than the slow decline into starvation? Or that in order to pursue a green policy in managing our uplands, it is sometimes necessary to stain the snow red?

Russia and its national drink

From Page 1

the rot begin to set in - initially among the "so-called creative intelligentsia... and their hangers-on."

What happened was, according to Pokhlebkin, a kind of sub-Stalinist plot in which vodka played its role in the hands of the dictator's henchmen to help finish off the true Leninists. "They [the henchmen] sought to undermine the puritan spirit and ideology of the Leninist old guard and of the mass of party members, and to divert the Bohemian passions of the intelligentsia into safe channels. With the help of alcohol, they sought to cripple the tongues of potential critics."

Still more alarmingly, 100 grams of vodka a day was issued to Red Army soldiers on demand. This state approval eroded the moral stance of the Bolsheviks, who clung to sobriety as part of what was "essential to being regarded as a true communist."

After Stalin's death vodka prices were kept low and it was widely available in state shops. Heavy drinking spread from the intelligentsia to the working class. The state erred deeply, says Pokhlebkin, in leaving workers increasingly to their own devices (political education was cut back in the 1960s and 1970s) and, at the same time, raising wages.

"During the 1970s," Pokhlebkin writes, "the Soviet working class underwent a general transition to a new mentality in which there was no place for moralistic condemnations of drunkenness. Thanks to the passing of new and less draconian laws, people had come to perceive the abuse of alcohol not as a social but as a personal matter. It was no longer possible to evoke a popular contempt for drunkards."

Yet, even a state straying grievously from Leninist ways could not remain indifferent to the vast losses of production resulting from a large degree of open and generally unpunished drunkenness at work. (Since Soviet society had made no distinction between controls at work and outside of it, people naturally made little distinction between work and non-work behaviour.) Yuri Andropov, the former KGB chief

who, briefly, succeeded the lax (and heavy-drinking) Leonid Brezhnev as Soviet leader, took the KGB as a tool for harassing the idealistic back-to-Leninism leader (in his first manifestation), copied Lenin's tactic: he banned it.

This excites Pokhlebkin's passionate denunciation, much of it justified. "In the course of the anti-alcohol campaign, wine-producing state and collective farms were dissolved, thousands of hectares of vines were uprooted, wineries were shut down or assigned to other tasks, and the equipment of vodka distilleries was dismantled. All these measures were undertaken in the spirit of the dawn of industrial capitalism in Britain when illiterate and impoverished Luddites smashed the machines in the factories, thinking that it was the machines that were stealing their bread and putting them out of work."

Pokhlebkin's strange book ends with an insistence that the generally-perceived way in which Russians consume vodka - knocking it back in large quantities - is a vulgarisation practised largely by mafiosi or *nouveaux riches* "who know nothing and understand nothing of Russian national culture." He says vodka should be drunk (and indeed it should) with the salty, spicy *zakuski*, or *tastars*, which precede a Russian meal.

It was, says Pokhlebkin, the Bolshevik, "during the years when domestic distilling by the gentry flourished... and in the high, aristocratic milieu that the proper way of drinking vodka at the table came to be defined. Vodka should be served cold, almost frozen, and drunk in small, barely-perceptible mouthfuls."

Apart from this valuable insight, Pokhlebkin's researches helped the Soviets win their case against the Poles in 1982, and to secure the right to advertise their product as vodka. "Thus," he notes, "an attempt by certain foreign circles to harm Soviet commercial interests... ended in failure." They are still drinking to that, from Gdansk to Vladivostok.

■ *The History of Vodka*, by William Pokhlebkin. Verso (London and New York), 222 pages.

Keep it in the family at Snowmass

THERE ARE few places more suited for an English-speaking family skiing holiday than Aspen's Snowmass village, in the heart of America's Rocky Mountains.

Aspen and families might seem an unlikely combination, given that the attractive Victorian mining town is the most glibly US skiing resort - a sort of Hollywood winter retreat. And Aspen Mountain is hardly kid's stuff: a mogul skier's delight, it boasts not a single green run. Yet just 20 minutes up the valley of the Roaring Fork River lies Snowmass, a resort with miles of varied intermediate skiing which is tailor-made for families.

Snowmass is friendly, informal and more down to earth than Aspen. It is also extremely children-friendly. It may cost more than Europe, and be further away, but it has two big advantages. The first is that Americans speak the same language (more or less) - no small thing when you are halfway up a mountain seeking advice on how to get to the bottom. The second is the quality of instruction. Americans generally like and relate to children in a way that Europeans (Britons especially) seem to find harder.

This shines through at most ski schools, where the instruc-

tors clearly enjoy the company of their charges and the emphasis is on having fun and bolstering self-confidence.

So, having decided on a US holiday, why pick Snowmass? First, because it is in the Rockies, which gets better snow than New England. Second, because of its huge expanse of intermediate skiing, which absorbs large numbers of skiers and still leaves uncrowded slopes and virtually no lift lines. For advanced skiers, the mountain also offers challenging terrain, such as the Hanging Valley run, although real experts will tend to head for Aspen Mountain and a third local resort, Aspen Highlands, both of which are covered with difficult black trails.

And third, because the Snowmass ski school is outstanding. In surveys it is consistently ranked among America's top learning centres, together with the one at a fourth mountain in the Aspen area, Buttermilk.

Victor Gerdin, director of the Snowmass school, says his children's instructors are all people who have specified that they want to work with kids - and it shows in their exuberant encouragement and endless patience. Certainly my three children - David, nine, Lizzie, seven and Kate, five - all rated their instructors "really

great."

By the end of a week Kate, who had barely skied before, had advanced from crude snowploughs to parallel "hockey stops" and tricks like skiing backwards. David and Lizzie also made good progress, and particularly liked the special "kid's trail map" marking secret spots - such as "Jaws" and "Pinball Alley" - around the mountain that are not known to adults.

The school offers several children's programmes. There is day-care for infants from 18 months to three years; an introductory ski programme for three- to six-year-olds; ski school for six- to 12-year-olds; and a teenage programme including evening activities ranging from ice skating to pizza parties.

Adult beginners might do better on the smaller Buttermilk mountain, which lies just outside Aspen town and also offers highly rated children's programmes (from the age of three). Buttermilk is such a benign mountain to learn on that the ski school guarantees that absolute beginners will ski from top to bottom in just three days' instruction or get their \$99 fee back.

The design of Snowmass village also makes it attractive for families. The 25-year-old village is hardly scenic, but planning regulations have kept building heights down, so it is not the visual eyesore of some modern US and European resorts. Its few hotels and large number of "condos" (apartment buildings) are on or very near the slopes, so that most visitors can ski to their accommodation.

Snowmass is not perfect. One of its biggest failings is the lack of a separate area for the children's school, which means that tiny tots share the main village skiing thoroughfare with everyone else.

And the Snowmass village centre, a glorified shopping mall, is devoid of atmosphere and nightlife. But there is plenty of that in Aspen, and plenty of babysitters on hand to relieve those couples capable of rocking the night away after a hard day's skiing - and parenting.



Meribel, just one destination in the skiing paradise of Les Trois Vallées

In the Valleys of confusion

THERE ARE so many possibilities to get it right and get it wrong when skiing in France's Les Trois Vallées. The vast ski area that surrounds Courchevel (1500, 1850 and 1850) Le Praz, La Tania, Meribel (Mottaret, 1400 and Les Allues), Les Menuires (Croisette, Reberty and Praranger) St Martin de Belleville and Val Thorens is truly awe-inspiring and equally confusing. There is an equally easy route to the lake (do not ski over it, even if everyone else is) from Cime de Caron at Val Thorens.

Also do not miss the delightful, leisurely and long ski all the way down to the only old town in the valley, St Martin de Belleville (return by coach or taxi) with its picturesque floodlit monastery, or the *Pourquoi Pas* Piano Bar, with its roaring fire, quaint cellar and exotic "lumbumbas" (hot chocolate, cognac and cream).

And do ski the Maurienne Valley. Opened up three or four years ago at the back of Cime de Caron - another vast, desolate valley with easy-ish off-piste skiing, a refuge restaurant at the bottom and a chair to bring you back. The valley can also be skied after a half hour's traverse along the shoulder of the Pointe de Thorens, reached via the *Chilly* Col double chair and the (rather chilly) Col double chair which takes you to the summer skiing area in the shadow of the magnificent Aiguille de

If you do decide to ski all three valleys in one day, will you be worrying all day about missing the last lift home and contemplating the cost of an overnight stay in the wrong valley, or a taxi ride home to the right one? Will you know where to find the out-of-the-way mountain restaurants for a last-minute hot chocolate? Or the extra-special runs that you might miss even if you come here every year?

Even if you live and work in Les Trois Vallées you can never know every run. I have been visiting the area for 15 years, but it was only after a solid fortnight this year of trying to explore as many nooks and crannies as possible that I began to put the jigsaw together.

In terms of skiing logistics, the Meribel Valley is probably the best base. Whether you visit the Courchevel Valley or the Belleville Valley (Val Thorens, Les Menuires or St Martin de Belleville) you need only be two or three

lifts away from getting up and over whichever mountain ridge you have chosen to cross.

If you are staying in Courchevel 1850 or 1850, a visit to Val Thorens, or Les Menuires, or St Martin de Belleville barely gives you time for lunch before you have to start backtracking, even if you are a fast skier, so it is important to plan your journey properly. Likewise, if you are staying in the Belleville Valley, a visit to 1850 only allows time for a speedy lunch. What are the key lifts and when is the last one?

If you end up in Les Menuires or St Martin de Belleville when you are staying in Val Thorens, it is simple and inexpensive to get a bus home. It is also not a major setback to miss the last gondola from Mottaret towards Menuires and catch the Combes triple orange chair and Roc de Tignes button lift instead, but unless you catch the connecting Grand Lac button lift back to Roc des Trois Vallées you will end up in La Croisette.

This is fine if that is where you are staying, but a nuisance if you are staying at Reberty-Bruyères, which will involve a walk, a *navette* (which runs until 7 pm) or a taxi - not the end of the world, but an irritation. If you end up in 1850 when you are staying in 1850, or vice versa, there is a similar problem.

In Les Menuires there are phases and minuses both on your doorstep in the Belleville Valley and in skiing over the hills and far away. Your nearest skiing is on La Masse, often ignored by skiers intent on trying to get to Courchevel and back in a day, and therefore often queueless. Ski La Masse in the morning: it will be in shadow in the afternoon and often cold, but that also means the snow is often better.

Do not miss the off-piste *itinéraire* down the back of La Masse to the Lac de Lou - a wonderful, away-from-it-all descent with stunning scenery. Any problems with the occasional steep valley can be circumvented by traversing to the left or right. It is a wonderful introduction to easy-ish off-piste. There is an equally easy route to the lake (do not ski over it, even if everyone else is) from Cime de Caron at Val Thorens.

Also do not miss the delightful, leisurely and long ski all the way down to the only old town in the valley, St Martin de Belleville (return by coach or taxi) with its picturesque floodlit monastery, or the *Pourquoi Pas* Piano Bar, with its roaring fire, quaint cellar and exotic "lumbumbas" (hot chocolate, cognac and cream).

And do ski the Maurienne Valley. Opened up three or four years ago at the back of Cime de Caron - another vast, desolate valley with easy-ish off-piste skiing, a refuge restaurant at the bottom and a chair to bring you back. The valley can also be skied after a half hour's traverse along the shoulder of the Pointe de Thorens, reached via the *Chilly* Col double chair and the (rather chilly) Col double chair which takes you to the summer skiing area in the shadow of the magnificent Aiguille de

Peclet (11,830 ft).

From the same location you can ski one of the classic descents in the Tarentaise: a superb 16 kilometre descent from the Cebrolax Glacier right down to Mottaret. This is an arduous but not particularly difficult run with breathtaking scenery that first involves about an hour walking up either on skis or carrying your skis. A guide is advisable as there are some huge crevasses. Although they are easily negotiated, you will enjoy the descent much more without the worry!

Meribel is the cross-roads of the three valleys, and usually the worst area for lift queues. If the Pas du Lac bubble and Rameas chair are crowded, try the cognoscent's special by-pass round the back: the long La Tuitte green run. You would never know it was there, and it brings you - gently - to the Burgin Saulire gondola.

If that too is crowded, take Rhodes 1 and 2 (12-person gondolas which take you above the Aiguille) and from there either take the Rocher de la Loze chair direct to Courchevel - a beautiful sunny route that brings you in above La Tania and Le Praz - or the Frasse and Saulire button lifts high towards Saulire (although not quite high enough) before dropping down to fill spare places in the top stage of either the Burgin Saulire gondola or the Pas du Lac bubble.

Once into the Courchevel Valley, the Les Creux area above 1850 - accessed by taking the Jardin Alpin gondola from 1850 and traversing just below the airport - is worth studying on the map. Both the lift and Marmottes next to it are important routes when returning from Courchevel to Meribel via the all-important Aiguille Fruit chair and Les Creux button lifts. So is another adjacent lift, Les Suisses. Although this involves a black (of the same name) it is not a difficult one.

Opposite these three get-you-home lifts is the Chanrossa chair, which takes you to some of the most contrasting runs in the three valleys. From the top you can ski the biggest bump run in the region or drift down Roc Merlet and Pyramide to a major cross roads near Le Signal at the top of the Roc Mugnier chair, which starts only yards from the Aiguille Fruit and Les Creux lifts. Do not miss the lower Creux run itself, a wonderful, swooping, gun-barrel trail.

From the top of Roc Mugnier there is some exhilarating motorway skiing beneath the orange Ariondaz gondola to 1850. On the way down you will pass the sunny deck of probably the best mountain restaurant in Les Trois Vallées, the Bel Air. The service is electrifying, the food good and the smiles fulsome. Otherwise enjoy a no-nonsense snack in 1850, in contrast to the more chic restaurants in 1850. You can get a chair to the Signal Bar, for example.

Finally, try to obtain a Les Trois Vallées piste map before you go: an hour's study will save precious skiing time later.

Arnold Wilson

Katareya, d.o.b. unknown

Katareya is an adorable baby who lives in our orphanage in Thailand. Her mother left Katareya as a baby with people she didn't even know and disappeared after giving them a false address. The family looking after Katareya then brought her to the orphanage. But with no birth certificate or release papers, Katareya cannot be adopted so the orphanage will be her only home till she grows up. Our Individual Child Sponsorship Scheme means so much to all the hundreds of little ones like Katareya.



Regular contact with your sponsored child is rewarding and worthwhile for you. For more details, just send your name and address (no stamp needed) to: Rev. Fr. Raymond A. Brennan, C.S.B., Pattaya Orphanage Trust, DEPT FT2 702930, Prospect, London W14 0BS Tel: 071-603 3023, Fax: 071-603 3466 (Reg. Charity No. 285000)

Martin Dickson

PRESS REVIEW/MINDING YOUR OWN BUSINESS

As they say in Europe

The bathing beauties of nation-building

James Morgan on the former Communist nation which is embracing Western culture — pin-ups and all

"SHYNESS IS not conducive to beauty," was the main headline in the Slovak daily *Národná Obrada* last Monday. That story was about the Miss Slovakia contest.

Národná Obrada means "National Revival". It looks like an old Communist daily, so even now it is a bit of a jolt to see a picture of a dozen bathing beauties in the slot on the front page which might, four years ago, have been reserved for a party functionary.

But it seems the beauty contest is one of the instruments of nation-building in central Europe today. The Slovak occasion became a story in which "a hundred thousand juries around the country could make their own judgment."

The event was reported through

the eyes of last year's Queen and it was she who produced the memorable quotation that provided the headline in my first paragraph. The message was that the country, now free of the Czech yoke, could encourage its youth to participate fully in the European experience.

The creation of a new sense of nationhood is not easy for those emerging from the communist trauma, especially if the nationhood itself is new.

In this endeavour governments aim at a nice mix of tradition and capitalist modernity to reassure citizens that not only are they now part of the world which they have envied for so long, but their society has sound, ancient roots. A similar movement between the wars ended

up as fascism.

But there are more recent precedents for the process. Thirty years ago Michael Frayn, the British writer, noted the psychological upheaval that hit the post-colonial states which were striving to assert their independence before a sceptical world. So he composed a suitable anthem for an emergent nation anxious to create that hard-to-find image of ancient modernity:

"Freedom's historic home, Our off-embalmed nation, Now boasts the finest water-skiing And modern sensibilities."

Recently I had a fascinating conversation with a senior official of the central bank of Slovakia. It ranged from the role of St Svtopluk as founder of the Slovak

nation in the tenth century to the well-managed national budget of today. The deficit, it emerged, is well under 3 per cent of gross domestic product, only half that of the Czech Republic.

This curious combination of themes is frequently heard in the former Communist world: "A sound monetary policy can be constructed through the assertion of national authenticity in the financial domain." This kind of thinking inspired me to update Frayn's anthem to render it suitable for one of the "economies in transition" as they are known.

"Now wakes our long oppressed land To offer incentives superior, And ensure the market's hidden hand Meets fiscal convergence

criteria."

But the trouble in Eastern Europe is that it is the song of yesterday that one hears. In Budapest the talk is of yuppies, in Warsaw property speculation has been the rage. In Slovakia, with its beauty contests, it is evidently the day before yesterday that provides the model.

Separatist and national movements generate specific fads and Western Europe sets trends here too. It likes to think itself immune to the virus which has horribly afflicted much of the central part of the continent, but disintegration under the guise of national rights exists here too.

Nobody takes much notice of what goes on in Belgium but this week has provided new guidelines

for those who wish to square the circle of tradition and modernity.

As Slovakia watched its strapping beauties slipper down the catwalk, the *Gazet van Antwerpen* produced the splash headline, "Clean air, beautiful water, peace in vehicle-free town centres — Flanders paradise in 2002."

This was the prospect laid out by the Flanders regional government in a policy document on the next nine years. Another daily, *De Standaard*, led on the same story and had a picture of the new official poster which shows a couple in a half-embrace and the slogan, "Flanders-Europe 2002."

Those who cannot stand their neighbours often believe they can live harmoniously with more

distant nations in a wider community. Flemish, Serbs, Scots and Slovaks each carry some mythical picture of the European ideal into which they will perfectly fit.

The historical basis of this ideal is flimsy: the state of communications has not up to now permitted the ancient regions of Europe to slug it out in the manner of, say, the English and the French.

But as a Welsh friend of mine once pointed out, a Europe filled with people who have scarcely heard of each other might be easier to handle than anything else that is likely to emerge.

James Morgan is economics correspondent of the BBC World Service.

Putting roofs over the heads of aces

Nick Garnett meets the people who house the globetrotting stars of Wimbledon

STARTING a small company without training, and dealing with an activity about which you have no real knowledge, is hardly the best way to succeed. Sometimes, though, it can work.

In the mid-1990s, Jane Cussons, a part-time actress and television producer, found herself with another part-time job: driving players from hotels to Wimbledon for the annual tennis championships.

Out of the blue, one player — New Zealander Kelly Evernden — asked her to help in finding a house to rent for the following year's tournament. From this off-the-cuff beginning, Tennis London was formed.

Operating from a rickety office up a narrow, creaking staircase above a printer in London's West End, the venture is one of those little niche businesses that provide useful supplementary income while rarely generating enough to give their owners a full-time living.

Tennis London gets all its revenue from finding temporary accommodation in houses and flats for people connected with the annual Queen's Club and Wimbledon events: players, sponsoring companies, reporters and television crews. For the year ending next month — which includes last year's Wimbledon — Tennis London handled £230,000 in rent, producing a fee income of about £50,000.

A third of that is absorbed by running costs, leaving the two owners, Cussons and Shelagh Shipley, to share around £30,000 between them.

For this, they work about three days a week — except in the period leading up to and during the competitions — and can take a full break of more than a month late in summer. "No one else really does what we do," says Cussons. "There is lots of administration involved in handling short lets over such a short period of the year and it is not worthwhile unless a property agency is set up for it."

The business took off only slowly and Cussons worked

from home at first. In 1988-90, Tennis London earned just £11,000 from gross rents of £85,000 on 40 lets during the season. In this financial year, gross rents almost four times higher were arranged on nearly 160 lets.

Cussons says the company has a close relationship with Queen's and the All England club, which runs Wimbledon. Both recommend Tennis London to players and the sport management companies that represent them — and usually arrange their travelling and tournament living arrangements.

Much of the business comes from word of mouth. And while some estate agents do handle short lets for Wimbledon, many others pass on enquiries to Tennis London, which has around 800 flats and houses in Wimbledon and central London on its register. "Home-owners come to us and we now have more than we require, particularly because of the recession," says Shipley. "Three years ago, we had only one house in Somerset Road, Wimbledon, which is a very select area. Last year, we had five."

She scoffs at newspaper stories suggesting that some owners are raking in £15,000 in rents for the two weeks of Wimbledon. The spread, she says, is from £300 a week for a one-bedroom flat to £3,500 for the best six-bedroom house. Shipley adds: "Even star players never pay more than £2,000 to £2,500 a week. Sometimes, owners read about these huge rental figures and will not believe you when you tell them these are wrong. They think they can get £2,000 a week for a three-bed semi." (The real figure is more like £750). Whatever the rent, Tennis London takes a 15 per cent slice.

The company circulates a limited number of brochures with details of its properties, but negotiates mainly by giving these details direct to players and their agents via letters and fax. Players such as Andre Agassi and Michael Stich find homes through Tennis London,

but they do not need to climb the creaking stairs first.

One of the company's particular problems is its seasonal nature: Cussons employs an extra person from April to July and four others during the tournaments, mainly to let people into their rented homes. Another problem is coping with the inevitable crises that arise during tournaments: washing machines flooding kitchens, lavatories breaking down. With these in mind, Tennis London has a plumber on call.

There are, of course, other awkward moments. "One flat-owner forgot to pay his electricity bill and power was cut off for a day and a half," says Cussons. "I went up to the electricity board office to pay the bill but the tenant was not pleased."

Tennis London's overheads are low: about £15,000 a year, including office rent. Lacking business training, its owners use a standard Law Society contract form for the lets, with a few additions suggested by a solicitor.

Perhaps surprisingly, players cause few headaches, Cussons says: "The most important criteria is that properties should have pump showers, video recorders and washing machines and, if they are staying in Wimbledon, they like to be within walking distance of the tournament. South Africans and Australians are real sweeties. Americans can be a little demanding about accommodation."

Shipley says that while many players and sponsors still prefer to stay in hotels, she believes there is scope for growth. But the company occupies such a small niche that the owners recently recruited a full-time saleswoman to run a conventional house rental operation from the same office.

Tennis London, 24-25 New Row, London, WC2N 4LA. Tel: 071-379-8629.



Shelagh Shipley, Jane Cussons and saleswoman Clare Wilson of Tennis London

MINDING YOUR OWN BUSINESS

MOVING TO MONACO?

you do need a fully equipped office, with a multi-lingual secretary, personal assistant and general office services

BAA
Efficiency Speed Discretion

Victoria Palace, Room 8, 1st floor
12, Bedford Place, London WC1R 4EJ
Tel: 0171 479 52 78
Fax: 0171 479 52 79
Telex: 479431 BAA MC

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

BUSINESS FOR SALE

REPUBLIC OF GREECE
GREEK NATIONAL TOURIST ORGANISATION
ATHENS 23.2.1993
Ref. No.: 605167

DEVELOPMENT OF THE SKI CENTRE ON MOUNT PARNASSUS, GREECE

For the protection and development of Mt Parnassus, the Greek Government announces the commencement of a competitive process for the selection of investors, individually or as a consortium, who will undertake the development of the Parnassus Ski Centre, as well as its operation for a specified period of time.

Prospective investors are invited to submit their expressions of interest, together with qualifications and other supporting documents.

The project includes:
a. Management, operation and upgrading of the existing Ski Centre.
b. Design, construction and operation of an expansion to the existing Ski Centre including accommodation and all other complementary facilities.

Experience, capabilities and financial potential will be the main criteria in assessing the prospective investors and assigning the contract. The successful bidder will be also responsible for raising the capital necessary for realization of the project.

A limited number of applicants will be invited to participate in the procedure for the final stage of the bid and evaluation of offers. These candidates will be selected on the basis of their qualifications and will be judged according to the following criteria:

- Specialization in operating ski resorts.
- Proven expertise in related areas, e.g., development and management of Tourist Enterprises.
- Credibility and financing potential.

Applications and supporting documents should be submitted to the Greek National Tourism Organisation (GNTO), no later than 9 April 1993.

For any further information, please contact:
K. Perestadi, Tel (01) 32.23.111, ext. 235 - 32.23.704 Fax: 32.23.488
N. Pagonis, Tel (01) 32.23.111, ext. 135 - 32.23.801 Fax: 32.23.488
A. Brankos, Tel (01) 32.23.111, ext. 167 - 32.37.688 Fax: 32.32.732

OFFICE EQUIPMENT

The London Computer Auction Rooms Ltd

292 Finchley Rd, London NW2 2HR
Telephone 071 794 1116

For sale by Auction
By Order of:

G J Wisdom & Co - Certified Balliffs

Parsons Estates & Co L.P.A.

Major manufacturers, & others on

Sunday 21st March 1993

On the premises: Tonsen House, Pegamoid Rd, Edmonton, London N15
The entire stock of a major distributor, to be sold without reserve
Over 1500 lots of computers & peripherals: 486dx SVGA systems & 386 notebook portable systems; Late model laser printers by HP, Kyocera, Epson, etc.; High capacity sub-systems & CAD monitors
Plus office furniture & equipment - faxes, copiers, etc.

Sale starts 11:00 am, view 19th & 20th & on sale day
Please telephone for free catalogue

DOOR OPENING OPPORTUNITY

Introduce "Top-Down" management consultancy with proven track record to your board room and business contacts. World interest related company director.
Box A741, Financial Times, One Southwark Bridge, London SE1 9UL

BUSINESS WANTED

DELEGATES, BUTCHERS, AND BAKERS WANTED MUST BE LIMITED COMPANY. ANY STATUS. WHITE TO BOX A741, FINANCIAL TIMES, ONE SOUTHWARK BRIDGE, LONDON SE1 9UL.

SEMINARS

SWISS MONEY SEMINAR
For safety, privacy and profit, diversity to Switzerland. Meet 7 Swiss experts on banking, insurance, managed investments and law. Zurich seminar May 22-23, private consultations 24-25. Free seminar information:
JML SWISS INVESTMENT CONSULTANTS / Dept. 207
Gernsheimstrasse 55, 8033 Zurich
Fax 41-1-361-4074 / Dept 207

BUSINESS SERVICES

YOUR OFFICE IN LONDON FROM 70p a day. Account/Call/Internet/Telex/Mail Box etc. Office Box. Tel: 071 436 0766 Fax: 071 580 3729

EDUCATION

Cambridge College Experience Programmes
Queens College - University of Cambridge Graduate
Terms July 18 - Aug 7
Addis Ababa, 1-7
Boulevard, 10, Tynes Edwards
Director, 218 St. Paul
Chicago, IL 60614, USA
312-767-7477

BUSINESS SOFTWARE

To advertise in this section please telephone 071 407 5752 or write to Alison Price at the Financial Times, One Southwark Bridge, London SE1 9UL, or Fax 071 873 3065

APPLIED BUSINESS PLAN V.2.1

Leaves other plans standing. Most comprehensive plan available. Accurate accounting base. Used by managers & accountants in major UK & Int'l Co's. User friendly for Lotus, Excel, SuperCalc, Quattro, Symphony, Service 1 Manufacturing, 1 Distribution versions. APPLIED BUSINESS SOFTWARE LTD
Queen Anne Hill, Charlotte St, Bath BA1 3NE
Tel: 0225 307999 Fax: 0225 311382

INDEXIA TECHNICAL ANALYSIS SHAREHOLDER

Only £25 & different charts, including Stochastic, PAF, RSI, Multiple Windows, Moving Averages, Trendlines, Zoom, Print any chart. Comes with database of 12 shares, latest etc. Speedy disk also (3 1/2 or 5 1/4), graphics card (VGA, EGA, CGA) & set of 12 shares etc. Price: £22.25 + incl. vat. Indexia Research, PO Box 546, Northwood, Middlesex HA8 9TA. Tel: 0442 878916 Fax: 0442 878944

TECHNICAL ANALYSIS SYNERGY SEMINAR SERIES

Presented by an STA distinction holder. TRADING TACTICS provides practical training which can be understood and applied quickly. Covering subjects not found in the text-books, we reveal the reliable trading signals. Course material is simple but powerful and will be of value even to non-Synergy users. Call: 0582-424282 for details

ACT! THE SALES MANAGEMENT SYSTEM

Tracks all your Client Contact. Prompts all your actions. Has full WP, Modern, Fax support. DOS, WINDOWS, NETWORKS, MAC, HP96XX. Training, Consultancy, Support, Product. Only for those wishing to get it and stay ahead. ASK FOR THE DEMO DISC. Brown and Company. Tel: 0582 448444 Fax: 0582 448333

ROWEN TECHNICAL ANALYSIS WORKSHOPS (TM)

23 years experience is passed on to you. Find out which indicators work best and why. Easy to understand presentation. Leave with A UNIQUE TRADING SYSTEM that you can confidently use immediately. Benefit from our 5 years experience in practical workshop training. 5 graded workshops to choose from, hundreds of satisfied delegates. Tel: (0932) 220349

BANKING SYSTEMS

"Technically advanced" "User friendly" "Delivered on time" "To specification" "Within budget" One of the three largest building societies currently. Multi Currency Multi Lingual. John Ormond, Central Software. Tel: 081 485 4198 Fax: 081 485 4198

COMPUTER AIDED SALES & MARKETING

Breakthrough & comprehensive sales & marketing productivity system. Handles, contacts, prospects, clients, dealers products & services. Produces form letters, matchlists, sales action lists. Report generator included. Manage sources, campaigns, costing, response evaluation, notes, telephone scripts & much more! DEMO DISC available. MODEL, FREEPOST, London N16 1BR. Tel: 081 485 4198 Fax: 081 485 4198

1-2-3 TAKEOVER

Analyse the financial health of any company. Demonstrate its commercial and financial strengths. Develop an acquisition. Price C99 (includes VAT). IBM compatible. Clear manual. Disk 1st/2nd 3rd 4th money-back guarantee. 24 hour answerphone 0642 252 181. MINICELL, PUBLISHING SUITE LIMITED, THE VANGUARD SUITE, BROOKINGHOUSE, WOODLEIGHBOURNE, T81 8JA. Tel: (0945) 220077 Fax: (0945) 243540

BANK OVERDRAFT/LOAN CHARGES

Half the accounts checked show errors. Very charges accurately with Bankmon. Enhanced features now available with Ver 3.0. IBM compatible. Bureau service also available. Call for demo disc. £255 + VAT. WENTWORTH DATA SYSTEMS LTD, 17 Springfield, Gt Dunmow, Essex CM8 1BP. Tel: 0371 873023

UNIVERSAL EXOTICS OPTIONS, SWAP, YIELD, ZERO-CURVE ADD-INS

Additional spreadsheet functions for Capital Market Professionals using Lotus 1-2-3 and Excel (Windows, OS/2, Mac). European and American style options and warrants on bonds, commodities, currencies, futures and shares. Free 30 day trial. Financial Systems Software. 2 London Wall Buildings. London WC2E 8PP. Tel: +44 71-628 4200 Fax: +44 71-588 2718

BUSINESS SCHOOLS

The Financial Times proposes to publish this survey on:

April 21st 1993

Should you be interested in acquiring more information about this survey or wish to advertise please contact:

Sara Mason on Tel: 071 873 4874 or Melaine Miles on 071 873 3368 or Fax: 071 873 3064

FINANCIAL TIMES

Computing / Robin Brooker
Bugged by the system

I THOUGHT that the age of people putting too much trust in computers was over. It seems this is not so — at least, not in the realms of local councils.

On opening my mail the other morning, I had a shock. It was a letter from the local council saying that I would have to pay the new council tax on an unoccupied property. A property I had never heard of, let alone owned. I rang the council offices.

"Yes, under the council tax we are required by law to collect taxes on the property."

"But I don't own the property."

"Our computer says that you do. If you don't own the property why haven't you given this information before?"

"I didn't know you wanted the information."

"You must have known." She was getting angry by now. "We have written to you many times before concerning this property. You just see fit not to answer the correspondence."

"I have not received your previous letters," I pleaded.

"Look, Mr Brooker, I can understand one letter going

missing, but not with the regularity we have tried to contact you. You just don't reply!"

I could tell by her tone that the computer screen in front of her was giving her the dates of all the letters sent. "Where did you send the letters?" I parried.

"To you, Mr Brooker, at your address."

"I decided I would take on a condescending tone to match hers. "To which address?"

She gave me the address of the property that was causing the concern. It still had not registered that if I did not own the property and did not live in the property, I was unlikely to have received any correspondence.

She still spoke with the same haughty tone. She had given up listening by now.

"I don't own the property," I told her, very clearly. "I have never owned the property. I have never lived at that address."

"If, as you say, you don't own the property, then you will have to inform us who does own it," she replied.

I was getting tired of this conversation by now. "I don't own a crystal ball either," I

remarked. I hit a nerve.

"There is no need for that kind of remark. I have all the details in front of me on the computer. If you have sold the property then you must tell us who you have sold it to."

"I don't own the property. I have never owned the property. I cannot sell a property I don't own. Please! Just alter the information on the computer."

"I cannot alter the information on the computer just on your say so, Mr Brooker. If you care to write to us we will deal with your correspondence in due course."

The conversation was ended. I sat down at my computer and drafted a letter. As I was steaming mad I made a few errors — which I corrected.

There is an old adage in computer terminology: if you put garbage in, you get garbage out. If there is one group of council workers which understands garbage, it is the refuse collectors. Perhaps it is these workers who should be operating the computers within the Town Halls...

Robin Lane Fox is intrigued by a painted clue to the gardening styles of yesteryear

BEDROOMED COTTAGE. Barn
Heated Swimming Pool.
Offers in the region of £300,000.
19 Market Street, Sandwich, Kent CT13 9DA Telephone 0304 612197

COLLECTING

Maastricht: forget the treaty, enjoy the fair

Susan Moore previews an event which, in only five years, has surged to the forefront of the international fine art calendar

IN JUST FIVE years, the European Fine Art Fair at Maastricht, Holland, can claim to have established itself as the one truly international art and antiques fair. Unlike the far more glamorous Paris Biennale, London's Grosvenor House or Palazzo Strozzi in Florence, it is not a national fair that simply invites foreign exhibitors.

Neither is it predominantly a "floor" or "wall" event. Maastricht - which opens this year on Saturday, March 13 - has flourished on the department store principle of shops within shops. Its fairs within the fair have always placed equal emphasis on paintings, works of art and textiles. It is a formula that seems to have worked. In 1989, the fair

attracted 106 exhibitors (60 non-Dutch) and 17,000 visitors; by 1992, there were 144 exhibitors (93 non-Dutch) and the number of visitors had doubled to 35,500.

Maastricht's unlikely rise to pre-eminence - its roots lay in two small provincial and biennial picture and antiques fairs which merged in 1985 and re-launched three years later - is explained partly by its now-famous location in an affluent and easily-accessible corner of Europe. The relatively low costs of exhibiting at the functional (although camouflaged generously with flowers) Maastricht Exhibition and Congress Centre has also continued to attract the trade: few dealers could afford to show three-score pictures or a dozen wall-

size tapestries anywhere else. Perhaps the fair's greatest strength, however, is its restlessness.

Over the years, the formula has been honed endlessly by the 21 international dealers who make up the board of trustees. There have been experiments with Orangerie-style displays, exhibitions, lecture and concert programmes and, most importantly, with a variety of new dealers and sections which have either become fixtures or been dropped. The fair is not allowed to rest on its laurels, and neither are the exhibitors.

There are more refinements and innovations this year - and even more drastic ones planned for next. Last year saw the introduction of La Haute Joellerie du Monde, and the jewellery boys are back. (Harry Winston follows his 1992 conversation-piece pair of ruby slippers, à la Wizard of Oz, with the world's largest green diamond planted in a Garouda brooch).

The somewhat disappointing gravure section has been expanded to include books, prints and maps, and the 20th century section is hoping to see a much-needed improvement with the participation of London's Waddington Galleries, which shows Picasso, and Amsterdam's Gallery Delaive, which brings Karel Appel and Niki de St Phalle.

The major addition this month is an antiquities section. Board member Ben Janssens explains: "Last year, two very good antiquities dealers came and, in terms of publicity, were extremely successful. We felt it was an area that should be encouraged." Exhibitors include H.A.C. Kunst der Antike, the Royal-Athena Galleries, Galerie Samarcande, Tradart, Kunsthandel M. Zilverberg, and the Chinese antiquities dealer Gisele Crois, who is exhibiting at Maastricht rather than the Salon de Mars.

There are some 25 new faces among the 160 exhibitors this year including Partridge of London, Moatti of Paris, and Albrecht Neuhäus of Würzburg. Some broaden the range of the fair still further. From Vienna, for instance, comes glass dealer Michael Kovacek, bringing with him a fine, early-16th century stemmed bowl embellished with the Medici arms. London-based Remitage specialises in Fabergé and Russian works of art. Its managing director, Alexander von Soldkoff, says: "Maastricht seems to be the one truly international fair, and our clients are international. Paris is for the grande décoration, much less for objets d'art."

Inevitably, there are many familiar faces among the exhibitors themselves - but they are

not necessary any the worse for that. Heide Hübner, for instance, brings an impressive panoramic river landscape by Philipp de Koninck, from the Mountbatten collection and sold recently at Sotheby's; its price tag is £900,000. Moatti offers the luminous and sensitive "Portrait of a boy in a Persian costume" by Rembrandt's pupil, Jan Lievens. Do not leave without taking a look at Neuhäus's outstanding silver and silver-gilt table fountain by the Augsburg goldsmith, Melchior Gelb I.

Moatti presents a recently-discovered further fragment of Rubens' celebrated altarpiece of the Gonzaga family in adoration of the Trinity: a portrait of the young Prince Francesco Gonzaga. Happily for Johnny Van Haften, his sumptuous Willem van Aelst still life of dead game, illustrated in the handbook, has turned into tombstone advertising. He says the mood among exhibitors is "cautiously optimistic."

For Klaus Hübner, Maastricht has become "the most important Old Master field



At Maastricht... Left: Satyr Crowned with Vine Leaves, by Guilio Romano (Thomas Le Claire). Above: Flowers in a Vase, by Ambrosius Bosschaert the Elder (John Mitchell and Son)

ROB SMEETS
Antichi Maestri

Ambrosius Bosschaert the Younger
Amsterdam 1609-Utrecht 1663
Fruit in a basket
Signed with monogram and dated 1631
Oil on panel 41.7 cm x 54.3 cm

The European Fine Art Fair Maastricht Stand 142

20123 Milano Via Camperio, 9 Tel. 02/8692530

The European Fine Art Fair
9th - 20th March
Chelsea Old Town Hall
Kings Road, S.W.3
Tel: 01-499 5553

'Few dealers could afford to show three-score pictures or a dozen wall-size tapestries anywhere else'

Recent discoveries have also been held back especially for Maastricht. S.J. Phillips repeats a silver gilt cup dated 1681 that probably can claim to be the masterpiece of Willem Zeestra.

The Royal-Athena Galleries introduce an unpublished Roman bronze of Ares disarmed and overcome by love, a composition known previously only in paintings and mosaics. It is only 4 in high.

RICHARD GREEN
The European Fine Art Fair
Saturday 13th - Sunday 21st March 1993

Abraham Storck (1644-1710). A yacht and other Dutch shipping in a calm.
Dated 1666(?) Canvas 52 1/2 x 45 in/132.5 x 114.5 cm
Maastricht Exhibition and Congress Centre, The Netherlands
Stand number: 115.
Telephone: (31) 43 83 96 51. Facsimile: (31) 43 83 96 53
33 New Bond Street, London W1Y 9HD
Tel: 01-499 5553. Fax: 01-499 8569

ADRIANO RIBOLZI
ANTIQUAIRE
MONTE-CARLO
AVENUE DES BEAUX-ARTS
MC 98000 MONACO
Tel. (33) 93 30 06 25
Fax. (33) 93 15 91 02

G.B. TIEPOLO
(1696 - 1770)
Fabius Maximus before the Senate of Carthage
Oil on Canvas 44x28 cm

Stand No. 203 Tel: (31) 43-838.720

THE EUROPEAN FINE ART FAIR
MECC MAASTRICHT NL 13-21 MARCH 1993

LLEWELLYN ALEXANDER

Oil on Board
39 1/2 x 48 1/2 in
Maastricht Exhibition and Congress Centre, The Netherlands
Stand number: 1000 x 1200mm

JEREMY BARLOW AROI 11 - 27 March 1993
124 - 126 The Cut, Waterloo, London SE1 8LN
(Opposite the Old Vic Theatre)
Telephone 071-620 1322/1324 Fax 071-928 9469
Illustrated Catalogue available
Open Mon to Fri 10 am to 7.30 pm Sat 1.30 to 7.30 pm

Minet
INSURANCE BROKERS
for CONNOISSEURS and COLLECTORS

Minet Limited
Minet House, 66 Prescott Street, London E1 8BU
Telephone 071-481 0707
Fax 071-265 1220
The Minet Room and Stand No. 10

THE EUROPEAN FINE ART FAIR
13-21 MARCH 1993 · MECC · MAASTRICHT · THE NETHERLANDS

The most important international Fair for paintings, antiques, textile arts and contemporary painting and sculpture.

With a full Programme of Concerts and Lectures.

Opening times:
Monday - Friday 11.00 - 20.00
Saturdays & Sundays 11.00 - 18.00

Organised by
THE EUROPEAN FINE ART FOUNDATION
160 Tel: (31-73) 14 31 65
P.O. Box 1035, 5200 BA 's-Hertogenbosch
The Netherlands

COLLECTING

Dealers hit back at the salerooms

Fairs provide new ways to sell, says Antony Thorncroft

NOTHING divides the arts and antiques world more than the question of fairs. Some of the grandest dealers, such as Wildenstein and Partridge, never show at them. Others, like Waddington and Richard Green, travel the world circuit constantly. Some dealers complain there are too many, often speculative ventures by inexperienced operators; others cannot get enough of the unpredictable nature of the events.

Undoubtedly, the recession has forced more dealers to attend fairs. It gives them a feeling of activity, of

trying new ways of selling. The arguments in favour of fairs are impressive. You meet hundreds of new, or potential, customers compared with the handful of daily visitors to a gallery. Many sales at fairs take place months after the event, when contacts made there walk into the gallery and become valued clients.

At fairs, you can take the pulse of the antique market, discover price levels and, before the doors open to the public, pick over the stock of competitors. Dealers tend to develop an eye for what will sell, so a picture specialist will take a

chance on some apparently under-priced porcelain or a rug man might see potential in a grimy water-colour. Fairs also offer the chance of good trade gossip.

Against these advantages can be set the cost. At the most glittery fairs, like Grosvenor House, a decent display space can cost a dealer £15,000, and few cost less than £5,000. Olympia in June, the biggest with more than 300 exhibitors, charges around £8,000 for a reasonable stand.

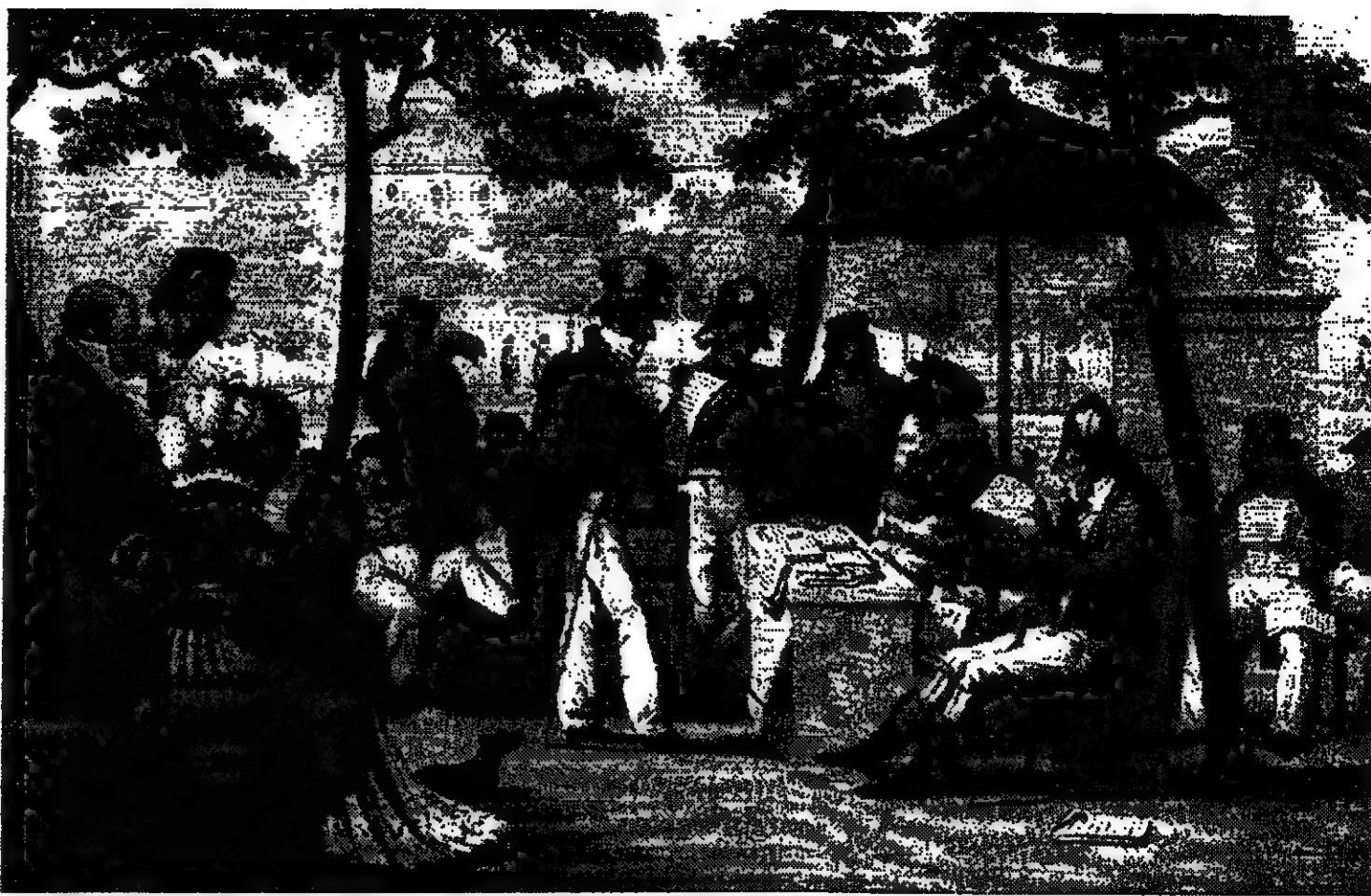
Then there are hidden extras such as lighting and telephones, plus transport, setting up and decorative costs, and the expense of getting someone to man the shop while you are away. And there is the worry of inviting your regular customers and watching them being enticed away by other stand-holders, or finding that your stock is over-valued against the competition. Above all, there is the tedium of sitting through a long day being nice to strangers.

Fairs are enjoying a boom, though. Quite a few dealers no longer run shops but work from home instead and use fairs to meet new clients and display their wares. New promotion companies have emerged and, as other annual shows disappear off the schedule because of the recession, the larger exhibition halls are open to their doors to antique dealers.

On the surface there are too many fairs, but they seem to be creating their own demand. When the art market recovers, selling through fairs, and from home, could become the standard marketing approach.

One attraction of fairs is that they offer dealers a united, public showcase with which to hit back against the auction houses. In the past three decades, dominance of the art market has moved remorselessly from dealers to the salerooms. Sotheby's and Christie's between them now account globally for around two-thirds of all significant art transactions.

Now, though, the salerooms are in trouble and the dealers think they could be set for a comeback. Sotheby's and Christie's pushed the art-as-investment chimera too hard and, in a recession, are reaping the consequences of a sharp decline in turnover by making minimal profits – or, in Sotheby's case, actual trading deficits.



An aquatint by William Sims of the Tuilleries in Paris, on sale at the O'Shea Gallery stand at the BADA fair.

Surprisingly, the salerooms have moved to reverse the trend by raising their charges to buyers. Few decent antiques come on to the market these days and, if anyone comes along with a valuable collection, the salerooms compete by offering to sell them for nothing. They can pay for such generosity only by increasing the charges to buyers.

So, Sotheby's, Christie's and

late in the 1970s, the dealers tried to organise a boycott, but failed. This time, the higher premium has been accepted with little outrage, perhaps because the dealers think privately that it plays into their hands.

Their argument is simple. If, say, you inherit a long-case clock valued at around £3,000 and want to sell it, an auction house will still charge you 10 per cent (because you are a

per cent mark-up, for around £3,300). By-passing the auction houses suddenly seems attractive to both buyers and sellers. The dealers see their window of opportunity, and are fighting back.

There is another reason why the dealers think they can win back trade from the salerooms. Along with raising the buyers' premium, the leading auction houses have tried to save money by sacking staff, including experts. There are good grounds for thinking that some objects sold in the salerooms in recent weeks have been catalogued wrongly.

Certainly, dealers, especially furniture dealers, are convinced this is so. It might mean that a dealer can pick up a bargain; it could also mean that private collectors, attracted by the ease of buying at auction, have paid over the odds for objects which are much less than the catalogue proclaims them to be.

These two factors provide the favourable backdrop to the fair run by the British Antique Dealers' Association at the Duke of York's Headquarters in Chelsea in May. Ostensibly, it is to celebrate 75 years of the BADA. Actually, it results from a feeling that the top dealers should offer a united front and mount their own show.

That the BADA fair is being held at this time reflects some dissatisfaction with both the exclusive Grosvenor House fair, which has room for only about a quarter of BADA's 300-odd members, and the populist Olympia, which can resemble a cattle market. Both these fairs take place in June, so BADA's timing is provocative.

Some dealers will exhibit at all three fairs but, in the main, BADA's is a challenge to Olympia. With BADA, it is cheaper for dealers to take space, the goods come with the association's seal of authenticity, the catering should be much better, and it has a mildly glamorous setting – in a marquee. The 80 or so BADA dealers exhibiting cover the range and will offer works of art priced between £100 and £100,000.

One fair by itself will not win back all the trade that dealers have lost to the salerooms. But, certainly, while the wisest heads know that both parties can prosper only by co-operation, there is a feeling that the auction houses are pushing their luck.

If worries about their level of expertise continue, the best specialist dealers must benefit. The problem is that there are dealers who have been known to cut sharper corners than any auction house.



Gainsborough's double portrait of the two great-grandsons of Ben Truman, the London brewer, is on offer at Agnew's in London's Bond Street for the sum of £1.2m.

The catalogue of the main 1993 show, which is due to open in June, is now available at a price of £5. Other highlights of the 1993 show include a magnificent Rubens painting of the Holy Family.

'When the art market recovers, selling through fairs and from home could become the standard approach'

Phillips expect a successful bidder this year to pay a 15 per cent premium on the hammer price instead of 10. Bonhams, which was the only major London saleroom to raise sales and profits last year, is holding its charge to buyers at 10 per cent and deserves to prosper from its gamble.

The arrival of the 15 per cent premium offers a wonderful opportunity for dealers. At one level it is terrible news, since they are the best customers (both as buyers and sellers) of the salerooms. When the buyers' premium was introduced

minor seller), plus other expenses such as insurance, transport, catalogue photograph, etc. After a few months, you receive something approaching £2,500 – that is, if it sells at its estimate in the present depressed market.

But why should anyone buy the clock at auction if, on top of the £3,000 hammer price, you pay 15 per cent (plus VAT on that if you are a dealer), pushing up the cost to more than £3,500. Might it not be best for the owner to accept an immediate £2,800 offered by a dealer who would then try to sell it, with a 20

Queen Victoria still rules

Antony Thorncroft thinks buyers are stirring from hibernation

TWO OF the most famous of all Victorian images, Florence Nightingale standing among the Crimean war wounded at Scutari, and Queen Victoria visiting them in hospital in London, painted as a pair by Jerry Barrett, sold at Christie's in London yesterday.

The dealer Hazlett Gooden & Fox acquired them on behalf of the National Portrait Gallery, which already owns sketches of the paintings. Florence Nightingale went for £188,500, at the top of its estimate, and Queen Victoria beat her forecast at £199,500.

What is odd about the paintings is that they have not been seen in public since they were exhibited at Agnew's in 1869 and were bought there by a forerunner of yesterday's seller for £870.

Their fame is totally dependent on the subsequent engravings, which entered millions of Victorian homes. Also surprising is that little is known about Barrett. His artistic reputation survives on just these two paintings which were commissioned by Agnew's who paid for the artist to visit the Crimea. It proved an excellent investment.

This has been a good week for Christie's which on Wednesday sold the celebrated miniature by Nicholas Hilliard of "A man clasping a hand from a cloud" for £177,500, way ahead of the £50,000 estimate.

The owner, the late Shakespearean scholar, Leslie Hotson, was convinced that the sitter was Shakespeare him-



This Victorian angel by Strindberg was on offer at at Christie's yesterday

self, but the expert on Elizabethan portraiture, Sir Roy Strong, has decided it is Lord Thomas Howard, later 1st Earl of Suffolk.

Yesterday Christie's announced that it has con-

cluded a private treaty sale with the National Gallery of Scotland which transfers a drawing by Raphael, "The Madonna of the Fish", into its safe keeping.

The National Heritage Memorial Fund and the National Arts Collection Fund helped the Museum pay for the drawing by respectively giving £100,000 and £50,000.

Slowly the salerooms are stirring back to life: the main auction rooms at Sotheby's and Christie's have been dead since mid-December.

But Sotheby's too this week announced a major lot for disposal, one of the most celebrated, and last, watercolours by Thomas Girtin. "St Vincent's Rocks, Clifton" was painted in 1802, the year of his death.

It comes on to the market on April 1 and should make at least £80,000, helped by the renewed interest in British watercolours fostered by the two important exhibitions currently taking place at the Royal Academy and the British Museum.

The Original Print Fair closed at the Royal Academy last Sunday and was a great success.

It was always likely that prints, relatively cheap to buy but the work of great artists, would help lead the art world out of recession.

There were 12 per cent more visitors than last year and all the 28 dealers made sales, often to overseas buyers. But, as a sign of the times, it was prints under £10,000 which changed hands most rapidly.

THE *salon du dessin de collections*, Europe's only works-on-paper fair and the only one in the world which shows drawings but not prints, has moved this year from its cosy but crowded basement in the Hotel George V to the far loftier Grand Palais. The deliberately uniform and sober style of presentation – by Paris standards, at least – remains the same. But the *salon* is booming and 34 dealers, compared with 17 last year, are presenting a much wider range in twice as much space.

The *salon*, which proved an immediate success when launched in 1991, is still a purely French affair, despite the eagerness of foreign galleries to take part and the readiness of some of the younger Paris dealers to let them in. Prices, meanwhile, are still an average 40 per cent down on what they were before the 1990 slump.

Catering for Parisian taste as well as international collectors, the *salon* has been top-heavy in the past with decorative Flemish and 18th century French drawings and lacking totally in contemporary art. All that changes this year with the defection of Northern School specialists Segoura and Bob Habold, and the arrival of eight top Paris galleries specialising in modern and contemporary work.

Gallerie Di Meo, Yvon Lambert and Louis Carré have all brought works by their stables of artists. Pierre Brullé is concentrating on 1930s' drawings by German artist Karl Hub-buch, while Gallerie Claude Bernard is showing figurative pastels, watercolours and drawings by French painter Jacques Truphemus.

Durand-Dessert is mounting a one-man show of recent watercolours by another leading French artist, Gerard Garouste (priced from FF30,000-100,000), while Fanny Guillon-Lefeville is exhibiting drawings by Matisse from the 1930s and '40s, and watercolours from the

Contemporary art gets a foot in the door

Nicholas Powell casts an eye over Europe's only works-on-paper fair

same period by Dufy. Marwan Hoss is showing a wide range of mainly unpublished works.

Priced at between FF25,000-250,000, these include charcoal by exclusive Canadian artist Riopelle; figurative and abstract works by French painter Helion; drawings by the Uruguayan constructivist Torres-Garcia; and a series of very rare drawings by Spanish sculptor Julio Gonzalez (Hoss organised the retrospective of his work at New York's Guggenheim in 1983).

Newcomer Francois Perreault-Sausse, a 19th century specialist, has hung a large-format 1969 Picasso ink drawing of a bullfight (priced: FF1.2m) alongside his more customary Ingres, Degas, Millet and Barbizon school drawings. Hopkins-Thomas has a stunning (and highly unusual) drawing of a kitten by Manet in charcoal and white chalk; a very rare and highly characterful 1912 cubist portrait of the poet and critic, Apollinaire, by his Polish-born friend, Marcoussis, at just over FF700,000; and a dozen more affordable Villard pencil drawings of interiors at FF20,000-50,000.

Those heavyweights of the

international drawings market, Prouté and Bayser, again are showing a wide range of 18th to 20th century drawings while keeping their most expensive works in the gallery – no one believes in economic miracles. Nicolas Joly, who runs the works-on-paper department of Galerie Yves Mikaeloff, is at the *salon* for the first time with 40 mainly 17th and 18th century works – including an early La Hire of 1620 and one of the very few drawings by the 17th century French artist, Nicolas Mignard, not yet in the Louvre – plus 10 early-20th century drawings by André Mare. The French 18th century is represented by both Patrick Perrin, whose booth is devoted to red chalk drawings, and Galerie Cailleux, showing works by Jean-Baptiste Tiepolo, Fragonard and Greuze.

Galerie de la Scala has opted for a display of the themes of architectural studies and portraits, including an exquisite charcoal sketch of a baby (circa 1819) by Pierre-Paul Froullon which his mistress, Constance Meyer, used for her painting, *Rece de Bonheur*, in the Louvre. The studies are mainly by 18th century artists

such as Hubert Robert and Delafosse, and aim at Parisian taste. They contain two recently-identified rarities: ink and brown wash preparatory sketches of 1735 done by Panini for the decoration of King Philip V of Spain's bedchamber in his residence, La Granja, near Segovia. The other two drawings in the series, also combining highly-elaborate architectural structures and scenes from the life of Christ, are in the Prado.

Italian masters are repre-

sented by two dealers, Moatti and Baroni. The former is showing 15 unpublished 18th century drawings, including preparatory sketches for jewelry of 1650 by the Florentine school of Francesco Salviati and a little-known Italian period drawing by Simon Vouet. Baroni, a gallery which opened in 1991, has thirty 16th to 18th century Italian drawings by the likes of Confortini, Cipriani and Cambiasso on show, hoping to attract the eye of French museum curators.

The Manchester Fine Art Fair

Forty leading dealers present Fine Paintings, Drawings and Sculpture from 1750 to the Present



St Hubert van Herkoven 81/100/100 Christopher Wood Gallery Stand No. 4

18-21 March 1993. Daily 11am-8pm, Sunday 11am-5pm
The G-Mex Centre, Manchester.

For information, please call Samira Kevane Telephone 0223 24246

Bernheimer
Chinese Works of Art, Continental Furniture
Old Master Paintings
Exhibiting at
The European Fine Art Fair, Maastricht
13-21 March 1993, Stand 205
Konrad O. Bernheimer
Kunsthandel
Promenadeplatz 13
8000 München 2
Tel: 49-89-22 66 72
Fax: 49-89-22 60 37
Bernheimer Fine Arts Ltd.
32, St George Street
London W1R 9FA
Tel: 071-499 0293
Fax: 071-409 1814

AGNEW'S
120TH
ANNUAL EXHIBITION OF
WATERCOLOURS
OPENS MONDAY 8 MARCH 9.15 A.M.
(Thereafter 9.30-5.30 Mon-Fri, Thurs until 6.30)
UNTIL 2 APRIL
43 Old Bond Street London W1X 4BA TEL: 071-629 6176 FAX: 071-629 4359

**3^{ème} SALON
DU
DESSIN
DE
COLLECTION**
3-8 MARCH 93
PARIS - GRAND PALAIS
Wednesday - Thursday - Friday 12 a.m. - 10 p.m.
Saturday - Sunday 10 a.m. - 7.30 p.m.
Monday 12 a.m. - 7.30 p.m.

BOOKS

Gallic allure disembodied

Anthony Curtis finds Chevalier a bit of a cold fish

LUCKILY we all remember *Gigi* otherwise Edward Behr's titles might suggest that Maurice Chevalier was some kind of secret paedophile. It emerges that he did prefer waiflike types of women to the more Rubensian ones, but they had at least to have reached the age of consent. Among his innumerable conquests were Marlene Dietrich, Josephine Baker and Kay Francis. But his true love was, even after marriage, his old Mum. She was 36 when she had him. Her no-good husband, Maurice's father, was a Parisian house-painter who usually arrived home at night completely plastered (both senses).

Josephine Chevalier, with her pinched, pouty face, was of Flemish origin known by Maurice and his brothers as La Louque, the name he afterwards gave in her memory his magnificent estate in the South of France at La Bocca, near Cannes. As a seamstress she was the family's breadwinner as well as being a constant child-bearer (Maurice was ninth in the order). Jeanette MacDonald, with whom he made movies for Paramount in his pre-war Hollywood period (*The Love Parade* (1929) and *Love Me Tonight* (1932)) and who absolutely loathed him (this revision being entirely mutual) said that Mama was always Maurice's sole topic of conversation.

Behr's subtle with its emphasis on the "true" story implies that all the previous ones have been untrue. Certainly the star's own nine volumes of memoirs need to be taken with a large pinch of salt, but which theatrical monster's memoirs do not? This new life, by a practised hand at contemporary biography, is well-researched and especially strong on the political background, enlightening about the performing arts in Paris during the murky period of the Occupation. But the main story seemed familiar, after an excel-

lent Radio 2 biography. This was Maurice Chevalier with recorded extracts from several friends quoted by Behr, first broadcast in 1986 compiled by Charles Castle.

The working-class French lad's emergence as a dancer from the down and out suburb of Ménilmontant via the world of the Paris café-concerts and music halls onto the stage of the Folies-Bergères is well documented. His earliest partner was a crazy woman called Fréhel. Luckily, young Maurice

THANK HEAVEN FOR LITTLE GIRLS: THE TRUE STORY OF MAURICE CHEVALIER'S LIFE AND TIMES
by Edward Behr
Hutchinson £18.99, 368 pages

did not succumb to her addiction to cocaine. Then he parted with the great Mistinguett when he was 23 and she 36 and with whom he at once started a prolonged affair.

He had found his métier and whatever later triumphs he enjoyed on the world stage, Maurice remained *au fond* a French vaudevillian. He could never sing especially well, but he radiated magic, through his panache, his pater, his good looks, his mock-hesitant yet perfectly articulated, equally well-timed in both English and French. He excelled at manipulation of the audience for whom he became an irresistible embodiment of sexy, gallic, garble-breathing allure.

The debonair look with straw "boater" was adopted in the 1930s. Behr says Maurice borrowed the idea of the hat as an essential prop from Harry Richman, an American comedian whom he "had almost certainly seen" in London. Could not both of them have got it from the Claude Hulbert upper-class, blazered, silly ass of the 1930s. Wodehouse muscled and the Aldwych farces? After Maurice appeared jauntily sporting this headgear,

sales of English straw hats soared across the Channel. Like Dame Edna and her gladioli, Maurice would distribute them to his admirers after the show. Apart from such public relations munificence, paid for no doubt by the management, Maurice was in private life congenitally vain, never picking up any tab in a restaurant if he could help it, hoarding his huge earnings.

These remained vast for much of his life. He hit a bad patch in 1935, when he broke with MGM and was forced to return to France to re-awaken his dormant native admirers. Then came the Second World War. Maurice had been wounded in the first and had been awarded the Croix de Guerre. As a result of that he now became an ardent Pétainist. But did Maurice turn his immaculately cut coat and perform at the behest of the Nazi masters in front of German audiences? Did he in fact collaborate? After the Liberation his reputation suffered grievously for several years from the stigma that he had.

Behr goes into the whole matter carefully. Maurice does not emerge completely spotless from the detailed investigation. He performed in Germany in a French POW camp near Magdeburg which sparked the slander but he seems to have been hardly malicious, equally under the Occupation than Jean Cocteau, Colette and a number of stars of that generation whom we now hold in affectionate memory. Maurice's constant companion during the war - Nita Raya - was Jewish; he certainly helped her and her parents to survive it unscathed.

After his eventual exoneration and return to Hollywood, the story has a fairy-tale quality. Maurice is not just rehabilitated, he is gloriously rejuvenated. "I'm glad I'm not young any more" he sings with utter conviction, not believing a word of it. His success was largely thanks to the renaissance of the American musical,

the lyrics of Alan Jay Lerner and the direction of Vincente Minnelli. Leslie Caron, who played opposite him as the ingénue in *Gigi* (1958), thought Maurice was a cold fish; but everyone else was charmed by the 70-year-old matinee idol. He was right back on top again.

But it could not last for ever, and by the end of the 1960s he was in a Lear-like decline, fantasising about being elected to the Académie Française, cutting his faithful female friend Janie Michels and her children out of his will, manipulated by

others close to him, a prey to suicidal depressions with at least one actual attempt. By now he really had been forced to retire; no one wanted to employ him, even on television. He died aged 83 on New Year's Day 1972, a sad, lonely, cheated old trouper.

The book is highly informative, but it has been carelessly edited. The irritating trick of linking two sentences by a colon, e.g. "In America, things were perhaps even tougher: in many vaudeville theaters, entertainment was continu-

ous..." proliferates; that cannot, surely, be Behr's normal way of punctuating. If for economic reasons we have to suffer American spelling, surely we do not have to have such illiteracy foisted on us as well?

The story about Maurice performing at the Waldorf Astoria during a musicians' strike is repeated word for word on pages 317 and 318. It seems incredible this error should have got right through to the finished book. Walter Hutchinson and Robert Lusty must be turning in their graves.



Ferguson

Fiction

Sex tangled with history

ALFRED Clayton is a historian and the latest in the line of middle-aged New Englanders to occupy centre stage in John Updike's slow fictional sweep across the desperate lives of his American contemporaries. Asked by the Northern New England Association of American Historians to contribute to a survey of the Gerald Ford presidency, Clayton can only respond with a chronicle of his disintegrating marriage, framed by Nixon's resignation and Carter's inauguration.

He sifts painstakingly through his 20-year-old memories of his estrangement from his wife Norma, the "Queen of Disorder", and affair with Genevieve, the "Perfect Wife", as well as detailing the other temporary liaisons that littered that era. "In his two years and five months of presidency", Clayton observes, "Ford presided over a multitude - dare we say millions? - of so-called one-night stands."

Alf is all too obviously left over from the generation that had spread its sexual wings in the 1960s; now in the AIDS-dominated 1990s he regards those years with disguised nostalgia: "Even the late Sixties had an innocence, an oh-boy *Barbarella* forced cheer, counting off orgasms like the petals of a daisy, which the thoroughly experienced Ford epoch lacked."

If Alf's proper story is his own tangled sexual life, the topic of his professional research is the presidency of James Buchanan whose place in US history, just before the Civil War, seems as slender and inconsequential as Gerald Ford's. As Clayton's memories unfold, however, they become entwined with fragments of his unfinished biography of Buchanan; fact and invention collide, giving the shape and purpose to Updike's novel.

Predictably it is Buchanan's personal life that fascinates Clayton, and where the historical sources finally fall him he

allows imagination to take over. The parallels in the narratives are drawn ever closer as each makes a fatal mistake: Buchanan dallies too long at a tea party and forfeits the woman he loves; Clayton sleeps with the mother of one of his students, and so destroys his relationship with Genevieve.

Memories of the Ford Administration is not great Updike, nor, one senses, does it aspire to greatness. Twenty years ago he wrote a play around James Buchanan's life, and the reworking of the material now in fictional form, linking it into an exploration of the limits of history and the sanctity of historical truth, seems an uneasy one. In the roster of Updike's novels it stands roughly midway, set against its 1980s predecessors, though, *Rabbit at Rest* and particularly the wise and richly complex *Roger's*

MEMORIES OF THE FORD ADMINISTRATION
by John Updike

Hutchinson £15.99, 384 pages

Version, it seems thin on thematic detail and short on the transcendental moments, the sheer bravura flourishes, that light up his finest prose.

Yet Clayton's regretful tone, his sharp awareness of spiritual loss and of opportunities unfilled is undeniably poignant; like so many of Updike's creations, he is a flawed man who has lived long enough to become unsatisfied. There is no consolation to be found here, any more than there ever is in Updike. The mirror he holds up to the society he has tracked so faithfully and for so long, has never been a perfecting one; Alf's world, the author's world, is littered with loose ends and mistakes. History may strive for perfection in the way that it packages the past, but real life gave all that up long ago.

Andrew Clements

Magic in Memphis

UNTIL recently, Peter Taylor was one of America's most undervalued writers. Born in 1917, he toiled in relative obscurity until just a few years ago, when his novel *A Summers in Memphis* won a long overdue Pulitzer Prize. Luckily for Taylor and his readers, this recognition was not a case of too little, too late. As his latest collection of stories proves, Taylor remains a masterful and surprising writer of fiction, a magician who is able with a few deft strokes to conjure whole worlds out of thin air.

The worlds conjured in *The Oracle at Stoneleigh Court* range from the supernatural habitat of ghosts to the more earthly territory of the Old South. The collection's title novella introduces its central theme, showing how the ghosts of a family's past can haunt and manipulate those still alive. It tells the story of a young soldier who pursues a beautiful young woman named Lila from their native Tennessee to Washington in the years just before the Second World War. While there, he looks up an eccentric, elderly aunt, a seer of sorts who lives in a stately apartment building called Stoneleigh Court.

She soon insinuates her way into the lovers' relationship, bringing the young man under her spell by conjuring the ghosts of his illustrious ancestors while at the same time secretly causing the girl to abandon her would-be lover by implanting ambitious dreams in her. The young soldier goes on to war, where he wins the Medal of Honor for an heroic deed forever blotted from his memory. He returns to Tennessee to convalesce, only to have his aunt and Lila once again enter his life when the elderly lady returns to her native home to die. He and Lila enter into a brief affair yet soon break it off, realising that the aunt's meddling has made their love impossible.

It is a haunting story, typical of Taylor's work in its subtle evocation of mystery and passion and loss. It sets the tone for the remaining stories, such as "Demons", in which a young boy realises that the disembodied voices which populate his childhood must be forsaken if he is ever to become a man. In "The Witch of Owl Mountain

Spring", a jilted young woman stays on to haunt the posh Tennessee resort where her heart was broken, growing into a backwoods hag until she can exact her revenge on the glamorous couple who betrayed her.

In its more territorial offerings, Taylor's collection is equally assured as he explores the fact that "in the Tennessee country of my forebears it was not uncommon for a man of good character to disappear". For instance, "Cousin Aubrey" tracks the strange life of a bastard son as he gradually takes on the personality of his famous father. Disappearances of a far more painful sort are

THE ORACLE AT STONELEIGH COURT
by Peter Taylor

Chatto & Windus £14.99, 324 pages

the theme of "In the Waiting Room", in which a group of strangers come together in a Memphis hospital to swap stories of how they have all been forced to abandon their old folk to death.

One of the most pleasing things about the book is Taylor's willingness to tackle the supernatural straight on, to show how it can be a manifestation of personal loss and guilt without for a moment denying that the voices and ghosts that sound through this book are every bit as real as its more tangible fictions. But, as in all of Taylor's work, the most memorable achievement of the insular, complex world of genteel Southern society as it existed before being eroded by the levelling forces of television and jet travel.

His old Memphis is a world where people take pride in their Confederate General ancestors for the battles they lost; a world in which a pretty young woman can be ruined simply by being publicly jilted; a world where a man's way of overcoming bastard status is not to achieve fortune or fame but to grow a magnificent goatee to hide his unfamiliar chin. It is an antique world but not a vanished one, not for as long as Peter Taylor is able to use his uncommon skill and sensitivity to keep its ghosts and voices alive.

Stephen Amidon

A triumph over prudery

A.C. Grayling admires a different view of Henry Miller

at the end he told Jong that her best chance of getting his story right was "to make it all up". She has done the next best thing: she has mixed biography with literary criticism, polemic, and reminiscence. The result is a curate's egg of a book: hastily paced, especially when unsure of itself, sometimes hyperbolic; relentlessly crackling with noisy one-line opinions; but always interesting and not infrequently wise.

Miller is most famous, Jong rightly says, for his worst books: the *Tropic* novels and other sexually explicit writings. But his best work, *The Colossus of Maroussi* in particular, shows him to be the master of significant powers. Miller was an artist, an ironist, a raconteur, and sometimes a very funny writer. His language is pellucidly honest, and rises at times to a sinuosity

THE DEVIL AT LARGE
by Erica Jong

Chatto & Windus £16, 340 pages

and strength reminiscent of Attic Greek. He is a prose Whitman of the 20th century; and indeed acknowledges the connection, claiming America's greatest confessional poet as his "ancestor".

Although his sexually descriptive books are not Miller's best, they performed several important functions. Not the least was *Tropic of Cancer*'s legal victory in 1964 over censorship in America. This and other Supreme Court triumphs, superintended in that heady liberalising time by the reforming Justice William Brennan, unshackled American literature, making Jong's own work possible a few years later. For

decades Miller had been silenced by censorship in his own country; triumph over the stiflers of expression was a sweet vindication.

Jong gives a brisk account of Miller's literary development, from early disappointments in New York, through the finding of his voice in 1936 Paris, to the wise evening of his life in California's Big Sur and the Pacific Palisades. There is a strong smack of the creative-writing class in Jong's appraisal, but it is fascinating and perceptive nevertheless. Miller became at last able to write, she tells us, because he sloughed off the desire to produce literature, and discovered courage in that freedom. The result was that he could write "what none of the other books say". His exuberant language, his electric humour, his wonderfully surreal sense of

the poetry of things, refused to be squeezed into conventional forms. As soon as he stopped trying, his difficulties were over.

Miller had many lovers, but the most important was Anais Nin. She was stronger than he, and gave him his platform, materially as well as intellectually. He was besotted, but she was having affairs with several others simultaneously. Nevertheless she ascribed a pregnancy to him, which ended in abortion. Later there was bitterness between them, but Miller continued to believe that Nin's diaries are an outstanding literary achievement.

Jong addresses the three questions which invariably arise in discussion of Miller: his sexism, his treatment of sex, and his work's value. She defends him against her sister

feminists, remarking that he showed more charity to women's writing than "some feminist zealots, who judge every book against some imaginary yardstick of political correctness and care for neither irony nor imagination". She applauds his part in liberating novels from prudery, but says that his revolution remains incomplete, leaving Western culture still uneasily poised between mania and phobia about sexuality. And she argues that although Miller's art is flawed, and that most of his books are, in Norman Mailer's phrase, "cakes which failed to rise", nevertheless his experiments with the confessional voice and with "spirited" influence have been a powerful influence on the shaping of modern American writing.

These judgments are sound, and offer a useful counterpoint to the response, generally sceptical, that greeted Miller's recent centenary. Jong's account performs a valuable service, therefore, in letting Miller have his due, perhaps for the first time.

Monster mobster of the FBI

Jurek Martin sees J. Edgar Hoover in a new light

SO NOW we know, J. Edgar Hoover, who ran the FBI for 48 years and died in harness in 1972, was a little bit more than the tough cop and master bureaucrat whom eight presidents found useful and, whatever their inclinations, unsackable.

He was, Anthony Summers tell us, not just a "lifelong bachelor" but a practising and licentious homosexual with transvestite manifestations. An expert in the art of blackmail, he used his knowledge of John Kennedy's sexual excursions with Mafia molls and other security risks to force JFK to accept Lyndon Johnson, whom he also held in blackmail thrall because of his affairs, as a running mate. He covered up Bobby Kennedy's association

with the death of Marilyn Monroe which got the young attorney general, with whom he had a relationship of mutual loathing, off his neck.

It was not only the Kennedys. He knew of a Nixon liaison in Hong Kong and that brought him security in office, even though he had long passed notional retirement age and the White House thought he was going crackers. But he was himself blackmailed, by the Mafia, which first catered to his passion for gambling illegally on the horses and later used its know-

ledge of his sexual inclinations as an effective shield against serious investigation, not merely into organised crime, but into his involvement in the assassination of John Kennedy. He was also personally corrupt on a quietly impressive scale and probably a physical coward. Even his death - officially in bed and of a heart attack - leaves the odd question unanswered.

In fact, even if only half of what Mr Summers writes is true, he was a monster. A lot of people considered Hoover a monster (and a racist) in any case, for his bounding of every radical and mild dissenter, from Emma Goldman through Alger Hiss to Martin Luther King. But this was tempered with a certain respect for the Hoover legend and a grudging admiration for his extraordinary ability to survive in the political jungle.

Summers, however, offers revisionism in the grand manner and he throws in a few fashionable retrospective psychoanalyses as well. One of them concludes that Hoover was suffering from "a narcissistic disorder with mixed obsessive features" not unlike the "perfect Nazi," Heinrich

OFFICIAL AND CONFIDENTIAL: THE SECRET LIFE OF J. EDGAR HOOVER
by Anthony Summers

Gollancz £18.00, 528 pages

Himmler, head of Hitler's secret police. In case the point is missed, comparisons with Stalin's Beria are also made. Summers, whose previous book was on Marilyn Monroe, offers impressive research - 800 interviews and a huge bibliography - and an easy style. But he is not the first Hoover revisionist. Less sensational and more political analyses have recently been offered by Richard Cid Powers (1986) and Curt Gentry (1991). Broadly speaking, Summers picks up on the private Hoover where the other two, focussing more on the public man, left off.

Both Powers and Gentry note the constant rumours of Hoover's homosexuality, based on his long relationship with Clyde Tolson, his deputy and constant companion, and both conclude that the evidence is simply inconclusive. Summers finds it everywhere, especially in the impressive eye-witness

accounts of orgies that Hoover attended (in New York's Plaza Hotel no less) by the widow of Lewis Rosensteel.

This is another name to conjure with. Powers merely notes that Rosensteel, a Prohibition-era bootlegger, became the head of Schenley Industries, the distillers, while Gentry only parenthetically records Rosensteel's purported ties to organised crime. Summers's sources delve much deeper, into Rosensteel's own bisexuality, his connections, political and sexual, with Joe McCarthy's clique, including Roy Cohn, and above all his closeness to the Mafia's great financier, Meyer Lansky.

For years, Hoover refused to admit that there was such a thing as organised crime. That it took the local New York police, not the FBI, to stumble in 1957 on the Mafia summit in Apalachin, has long been known as the great clear blot on his record as a law enforcement officer, furnished early by his artfully publicised "successes" in nailing such gangsters as Dillinger, Nelson and Karpis in the 1930s. Even after Apalachin, and again after JFK was assassinated, his attempts to investigate it were suspect,

Summers maintains, because of the hold the Mafia, courtesy mostly of Lewis Rosensteel, had over him.

Summers also digs up some fascinating nuggets with a British gusto, for example, that Hoover discovered that John Kennedy was linked, via one of his many sexual encounters, to the Profumo affair in Britain, and that he had the relationship between Harold Wilson and Marcia Williams (now Lady Falkender) investigated and served on a plate to LBJ prior to a meeting with the British prime minister in Washington. George Ball, then undersecretary of state, described Hoover as "a malign influence". Robert McNamara at the Pentagon told LBJ he was "a menace" and should be fired.

But he never was, by none of the eight presidents, from Coolidge to Nixon, that he served. He was given a state funeral, with a eulogy by Nixon, and the monolithic FBI building on Pennsylvania Avenue, proudly bears his name. Summers would have him confined to a metaphorical pauper's grave and he makes a good, if sometimes too conspiratorial, case for so doing. At least he never became president, though. Incredibly, the suggestion was put to him that he should run by a Kennedy - father Joe no less. It certainly makes you think.

AUTHORS
DO YOU HAVE A BOOK TO PUBLISH?

All subjects considered for co-partnership publication.

A complete professional service from MS to bookshop shelf.

Write (without obligation) to:
JANUS PUBLISHING COMPANY
Dept. 31
DUKE HOUSE,
37 DUKE STREET
LONDON W1M 5DF

AUTHORS

The publisher rejecting 'The Sky That Came In From The Cold' said, 'Le Carré has no future.' Fleming was told that 'James Bond will never sell'.

Orwell's 'Animal Farm' was rejected as 'Animal stories do not sell in the USA.'

DON'T LET THIS HAPPEN TO YOU. CONTACT:
The Adelphi Press
(Dept A46) 4-6 Effie Road
London SW6 3TD

ARTS

Stage set for Antwerp

SO THE baton - some might say the poisoned chalice - is passed on. In the High Renaissance Town Hall of Antwerp on March 26, the city hands over to the Flemish city the sobriquet "Cultural Capital of Europe".

Antwerp must make of it what it can. Some cultural capitals, (Berlin, Glasgow) are credited with using the arts to strengthen the long term prosperity of the city; others (Dublin, Madrid) are reckoned to have muffed their chances. Antwerp, city of Rubens, Van Dyck and Jordaens, a cocky, attractive, regional metropolis, is taking its responsibility to culture seriously.

The opening weekend says it all. The centrepiece production in the beautifully restored Bourla Theatre is not some European classic by Shakespeare, Molière or Schiller, but a new play about Sarajevo, "A lament for a city" by the Bosnian director Havis Pasovic.

The mayor of Antwerp was not too pleased with the choice but the director of Antwerp 93, Eric Antonis, has firm views on the need for the arts to provoke society. He is not seeking large audiences for the 700 odd events in the festival. He just wants to make sure that the audience is challenged. "The arts are the research department for society. After 1993 I want the people to agree that the arts have a place".

Not that the opening weekend is didactic. To satisfy the popular appetite for high culture a major show of the work of Jacob Jordaens, a early contemporary of Rubens, is guaranteed. In the city, there are classical concerts in the churches; and the streets, to say nothing of the 3,000 bars, will be heaving with wandering bands, embracing thousands of musicians. The Antwerp post Paul Van Ostaen wrote a poem in 1928 entitled "The Occupied City" and this will be writ large, literally, over a city besieged by the arts, mostly at fresco.

There are two nicely contrasted strands to Antwerp 93. One looks outward, exploiting Antwerp's position as the second port of Europe, a city which has always been open to new

ideas - and new conquerors. So there is a wealth of foreign arts ventures. Not big name orchestras, nor national opera companies, nor famous dance troupes, but projects like the Ark, a converted barge which will be home and performance space to artists from 14 cities in the grip of change like Los Angeles, St Petersburg and Marseille. A young director from each has been invited to bring over a team to devise shows that convey the flavour of their current cultural life.

In the same creative turmoil Antwerp is commissioning four new operas, pulling in contributions from composers, lyricists, designers, etc, who have never worked together before. It is also planning to publish the work of 100 selected European writers, in many languages, converting

Antony Thorncroft finds the new Cultural Capital of Europe looking a treat

ing intellectual workshops into a permanent record, an expensive post-modernist folly. It is commissioning 10 new sculptures for one of the city's parks. This is all avant-garde stuff, but Antonis is keen to make things which "would not be done by others if we didn't do it". This extends to early music: Flanders enjoyed an intellectual peak around 1500, and polyphonic music features holdily in the programme.

Of course the paymasters at city, region, and national level are worried that Antwerp 93 might seem elitist. So Antonis is equally concerned to bring it all down to street level, to make the festival's slogan, Open City, mean something. "The city will be the stage". In and around a Berber tent erected near the city centre there will be an opera with animals; there will be giant screens showing movies; a children's village will be erected. While committed intellectuals will pack the small venues the public will have the arts, or at least an experience, brought to them in the streets.

This is the surface. Hidden beneath all this festival razzmatazz Antonis has been bold - and raised some eyebrows, and concern. He is not co-operating with the established cultural institutions in the city, the directors of the opera house, the celebrated Flanders dance company, the art gallery. They will be active anyway. He has upset the local politicians by extending the Open City concept to cover Antwerp's architecture, including modern developments. Architects will be encouraged to look hard and their findings will be published. This could arouse controversy.

Antonis has brought together a team of outsiders, free from local influence and traditional loyalties. His resources have gone towards new initiatives. In the same way no new arts buildings have been constructed to act as a lasting memorial for Antwerp 93. Instead the existing city has been given a complete overhaul. More money, around £60m, has gone into this refurbishment than the £19m invested in the arts programme. The cathedral is free of scaffolding for the first time in 60 years. Antwerp looks a treat.

It is unprecedented for a European City of Culture to be so removed from political influence; to be handed over to an arts professional to do with it what he will. Antonis, whose background is in running arts centres and theatre companies, is quite happy for visitors to pour into Antwerp, and around 3m are expected. But his first aim is to create a high quality project which adds something to the arts and cultural life of Antwerp, Flanders, Belgium and Europe. The project is its own reward. If it has spin offs, they are likely to be in the continuation of the festival of contemporary opera, in the unusual initiative of a festival of music for the under-eights.

It is refreshing with such a big and costly arts venture to hear the old certainties re-stated. "We want to change minds. We are anti-commercial. If the situation in the city improves as a consequence of Antwerp 93 that is fine, but it is not our starting point." The freedom of the artist to challenge society is obviously alive and well in Antwerp.



Making sure the audience is challenged: controversial festival director Eric Antonis

Off the Wall

Power moves to Town and Country

THE Town and Country is everyone's favourite London rock venue. Upstairs there are half hearted delusions towards grandeur; downstairs is a snake pit but with enough space at the back for voyeurs to watch the crazies pogo into delirium while carefully avoiding a slippage on the slurred lager. Best of all are the acts, a random mix of the up-and-coming playing their first big concert and the "whatever happened to's" re-emerging from obscurity.

So when news came that the T & C was to close on March 24 there was an popular outcry. Now that the Kentish Town venue has been saved there is muffled bemusement. The T & C is a listed building, the landlords, the Murphy roadbuilding family and the heart of London's so-called Murphias, seemed determined to get rid of the successful tenant of seven years, and fellow Irishman, Mick Whelan.

The new tenant is Vince Power, also Irish and now boss of a chain of London music venues, embracing the Mean Fiddler, Jazz Café, Subterania, and the Grand. He will re-open the T & C as the Forum in late April with much the same programme policy.

So what has all the fuss been about? Power expresses amazement. "There was a

problem between tenant and landlord and the landlord wanted a new tenant. Music fans should be rejoicing. We give cooler beer and hotter music in a better atmosphere."

Certainly Power has a successful track record. The Jazz Café, also rescued from threatened closure, is now packed; the Grand in Clapham has overcome licensing problems and opens on March 24; and in July he enters the tricky area of outdoor festivals, at Long Marsden airfield near Stratford on Avon.

One of Christie's best sniffer-outs of considerable trifles, Simon Dickinson, has left to work as a dealer in Old Masters. It was Dickinson who identified "Titan's" "Venus and Adonis", which the Getty bought for £7.5m, and his merriment over a masterpiece hidden behind grime and over-painting will be much missed in the auction house.

A rich overseas backer obviously thinks that Old Masters will be the impressionists of the 1990s and is providing the millions to back Dickinson, with partner David Ker. The firm will operate from premises in 38 Jermyn Street but will be low profile and mainly deal with private clients, both as buyers and sellers.

Antony Thorncroft

Muddle over Matisse

THE HIGHLY acclaimed exhibition *Matisse 1894-1917*, which was scheduled to run at the Pompidou Arts Centre in Paris until June 31, could be suddenly curtailed following legal action by an 88-year-old Russian heiress.

Irina Shchukin has started proceedings to confiscate the catalogue of the exhibition and have 25 of the 130 paintings on show removed. The works were nationalised in 1918 with a decree signed by Lenin and were the property of Irina Shchukin's father, Sergei Shchukin, who had commissioned the paintings from Matisse for his Moscow home. The paintings, on loan from the Pushkin Museum in Moscow and The Hermitage in St Petersburg, include masterpieces such as the second version of "La Danse" of 1910, and "La Conversation".

Two court cases claiming reproduction rights and ownership were brought by Irina Shchukin just two days after the exhibition opened on February 24. A Paris court yesterday rejected the first case, in which lawyers pleaded the heiress's right to control reproductions of the paintings bought by her father before 1910. Legislation was passed in France that year distinguishing between ownership of art and possession of reproduction rights.

Trickier by far, however, is the case brought over Irina Shchukin's actual property rights. Her father received no

compensation from the Bolshevik government. The Paris court must consider whether it is competent to act on a decision taken in a foreign country such a long time ago.

Irina Shchukin tried to negotiate with the Russian government and museums to recover the collection before the Matisse exhibition opened. The Pompidou Centre sees her latest moves as a means of pressuring the Russians into a reply. If she obtains satisfaction, she should drop her case. If talks prove difficult, the Russians may withdraw the controversial works before the court makes its ruling and possibly orders their confiscation on May 12.

"That would be a catastrophe because the Russian works are an integral part of the exhibition. We would have to close. The affair could also dissuade Russian museums from ever loaning works again - the descendants of the big collectors all live in Europe and the US," Marian Julien, the administrator general of the centre, said. Russian authorities would in turn lose out on services from western firms and museums, such as the sponsorship the French petrol company Elf is providing for a Matisse exhibition in Moscow. "I understand the family's wish to retrieve possessions. But paintings are not like a yacht or a building - they're part of the world's cultural heritage."

Nicholas Powell

City overflowing with art

Patricia Morison gets to know Rubens and his compatriots better

THERE are sadly limited folk for whom true beauty exists only in the Alps. But if your senses respond to the north, then Antwerp is without question one of the most beautiful cities of Northern Europe. This great maritime city on the Scheldt has its sombre side, its rotting Renaissance façades and defaced Baroque Calvaries. Nonetheless, to my mind Victor Hugo's judgment is spot on: "The city is delightful: paintings in the churches, sculpture adorning the houses, Rubens in the chapels... the city is literally overflowing with art."

In Hugo's day, Antwerp's dozen or so museums did not exist. Nor, of course, did the city's newly restored Central Station and any number of extraordinary late-19th and early 20th-century architectural extravaganzas. Now there is Antwerp 93, and a notable group of exhibitions which will ensure that the art-lover will indeed find this a city overflowing with pleasures.

Perhaps the key fact of Antwerp's history is that as capital of the Spanish Netherlands, it was held for Catholicism. Any visit should therefore start at Onze Lieve Vrouwe, the largest Gothic cathedral in the Low Countries. It has been under restoration for decades, but Antwerp 93 speeded the programme up.

The entire interior is again visible, with Rubens's three wonderful altarpieces, cleaned and conserved, displayed at the east end. From May 26 to October 3, the cathedral has an

exhibition, *Antwerp Altarpieces*, the type of 15th- and 16th-century pieces shipped out in staggering quantities for churches from England to South America.

Any civilised visit to Antwerp must be partly about getting to know Rubens better. An unusual exhibition at the Rubenshuis will shed light on the running of the many highly successful artists' "factories" of the day. *Rubens Cantor* (which means "workroom") shows 80 copies of drawings by Rubens loaned from Copenhagen. Most were made by Willem Panneele, who was put in charge of the studio between 1628 and 1630 while the master was in England and Spain (May 15 to June 27).

So intimate is the view of the artist conveyed by the famous Rubenshuis that you will surely want to round things off with a visit to the Rockoxhuis, the sumptuous Renaissance mansion which was home to Burgomaster Nicolaas Rockox, Rubens's friend and patron. And of course, a pilgrimage is required to St Jacob-skierk. Above the wonderfully elegant tomb of the lord of Steen is his last masterpiece, *The Madonna with Saints*.

Jacob Jordaens at the Museum of Fine Arts (27 March-27 June 27) is the flagship exhibition of Antwerpen 93, celebrating 400 years since



Jacob Jordaens' self portrait: he put his prices up when Rubens died

the artist's birth. When gout carried Rubens off in 1640, Jordaens immediately put up his prices. Over the next four decades of this artist's long career, the Jordaens studio continued to be hugely suc-

cessful even though its master's talent declined as Rubens's never had. This should be the year and the show to reevaluate Jordaens's achievement.

Antwerp: *Story of a Metropolis*

As at the Hessehuis is a major exhibition mounted by historian Jan van Stock to examine the image and the reality of Antwerp's two first Golden Ages, in the 16th century and again in the early 17th century. Pride of the city throughout that period was the famous printing dynasty of the Plantins. It is not only bibliophiles who find the Museum Plantin-Moretus a place of rare fascination. So long as you are prepared to peer, books, prints, letters and bills bring the political and intellectual world of these centuries vividly to life.

Here, too, are portraits by Rubens, an intimate friend of the great Balthasar Moretus. The Plantin-Moretus marks Antwerpen 93 by looking at the scientific side of the humanist culture so important to Rubens and his circle. *Botany in the Southern Netherlands* (13 March-June 13) commemorates the studies of the three great Flemish botanists, Dodoens, Clusius and Lobelius, whose illustrated treatises were all published by the Moretus press.

Although its role in the Festival programme is small, the Museum Mayer van den Bergh cannot be missed, for it is one of the most remarkable 19th-century museums in the world. Mayer Van den Bergh was a wealthy connoisseur and art collector. He never married -

the story goes that he was always looking for a girl with the face of a late-Gothic Virgin Mary.

Van den Bergh died in his early thirties. In 1904, his mother built the exquisite neo-Renaissance mansion with its intimate rooms. Original cases still house manuscripts, Byzantine and early medieval ivories, 17th-century sculpture, coins and a fine collection of Netherlandish and Flemish paintings. Few art-lovers realise that Braughel's chilling "Dulle Griet" is hidden away in the Mayer van den Bergh with his "Twelve Proverbs", two of only seven of the artist's works remaining in Belgium.

Diamonds enter the festival in *Diamond Jewellery from Antwerp's Golden Age* (April 23-September 26). At the city's distinguished Ethnographic Museum, there will be *The Face of the Spirit: Masks from Zaïre* (September 19-December 31). The contemporary art programme has not been finalised but summer will see openings at the Middelheim Open-air Sculpture Museum, the Museum for Fine Arts, and the Museum of Contemporary Art.

A marvellous guide-book for exploring Antwerp is Derek Blyth's *Flemish Cities Explored* (Bodley Head, 1990). It would be nice if in Antwerp's great year of culture, every one of the chapels, mansions and gardens therein recommended might indeed be accessible.

Further festival information from Antwerpen 93, Grote Markt 29, b/2000 Antwerp 1; (010-323-334-1188.)

Video/Nigel Andrews March of tasty extremes

CAN IT be that the video business is at last waking up to its own possibilities? Over recent months, we have seen ever more appetising extras packaged in with pre-recorded movie cassettes. Not just those trailers for other features that precede films-on-tape and that resemble a trayful of irrelevant canapés before the main meal. (Thank you, we do not want to see five minutes of speeding bulletins about the new Schwarzenegger, Stallone or Bruce Willis before settling down to *Driving Miss Daisy*).

No, I refer to what in a study course would be called "supplementary literature". This includes mini-documentaries about the making of the film you have bought or rented, such as are incorporated in the videos of *Paul Atraxion* (CIC) and *Heilraiser* (Video Collection); original trailers of historic films, as in Warner's new "Special Collectors' Editions" of *The Searchers*, *Ben-Hur*, *Doctor Zhivago* and *The Alamo*;

and even boxed sets of a director's work which include a book of his latest prose fiction. This last startling package is available to Pedro Almodovar fans from Tartan Video.

As with the invention of databanks or TV information channels, now that these ancillary attractions are on offer we wonder how we ever tolerated video life without them. I have long maintained that the big screen is where you should first see a feature film - shame on all you couch potatoes who act otherwise - and the small screen is where you should re-enjoy or re-study it. For that second experience, the more documentation and study aids that arrive with the video the better.

Of course video is not all higher educational ground. Much of it is muck and mire, and what month would be complete without such wares as are offered this March? *Delta Force 2* and *Delta Force 3* (Chuck Norris saves the world from

another brace of apocalypses); *Mission Cop 3* (friendly neighbourhood patrolman plus machete); *Critters 4* (animated hairballs in space); and my personal barrel-scaping favourite, *The Finest Hour* (30:20). This never-theatrically-released movie, which has Rob Lowe enlisting in Operation Desert Storm and singlehandedly defeating Saddam Hussein, qualifies as the mother of all zero-10 action adventures.

Thus stretching its dynamic range to encompass both the sublime and the ridiculous, video may be at last be an acquiring an interesting identity. Just as network television's ranges has spread over the decades so that it now offers everything from Alpha to Omega, from *Open University* to *Neighbours*.

For those not yet used to such tasty extremes, the middle-ground video market continues apace and is about to have a good month. The following films are accompanied by

no "mini-documentaries about the making of," no historic trailers, no accompanying paperbacks. Nor do they have the *Critters/Delta Force* cachet of being harum-scarum potboilers hitherto deemed unfit for human release.

But here are the March movies you might buy or hire for simple, uncluttered pleasure. *Housesitter* (CIC), bright Steve Martin/Goldie Hawn romp about the horrors of owner-occupation; *1482* (Guild), Ridley Scott's visually gleaming Columbus epic; *White Men Can't Jump* (Fox), sex, race 'n' basketball comedy from Ron "Bull Durham" Shelton; *The Crying Game* (Polygram) - be your own Oscar judge before the Oscars; *Celine And Julie Go Boating* (Cinnoisseur), hypnotic French fable in which director Jacques Rivette goes Lewis Carrolling; *La Belle Noiseuse* (Artificial Eye), second Rivette masterpiece with artist Michel Piccoli struggling with nude muse Emmanuelle Béart; *The Rapture*, antic Armageddon allegory from Michael "The Player" Tolkén.

Oh, and one other. *Strictly Ballroom* (Guild), the strictly hilarious, strictly wonderful dancing epic from Australia that crept into nearly everyone's Ten Best of last year and even into one colleague's Ten Best Of All Time.

FAMOUS for Fifteen Minutes, that began on Radio 4 on Thursday, is typical of Radio 4, where folk of transient fame are constantly held up for us to wonder at. The point in this series is that the fame has worn out. Mark Lester, the first exhibit, was the universally-loved Oliver in the film of *Oliver*: in 1968, when he was eight. In an interview with Jenni Mills, he told how he went on in films for ten years more, until the offers ended. He spent his unexpected money, he says "irrationally", has since done various jobs, is now a trainee osteopath. Next week Jenni Mills talks to Diana Gould, a PE teacher who once flummoxed Mrs Thatcher on a TV programme.

It is like clearing the wardrobe of old coats you thought so smart before they were out. And there are other coats on other hangers. On Sunday we had Jack's *Last Tape*, an autobiographical tape made casually in his last days by Jack Trevor Story, the successful hack writer - nothing much that he had not told us already, it just had that Story label in it. In Thursday's *Radio Live* there was the player Jimmy Clithorne whose 15 minutes are over. Radio 2's *Star Quality* coat on Tuesday, formerly worn by Evelyn Laye, was kept happily wearable by the elec-

Radio/B.A. Young Passing fame

tronic mothballs that preserved its charm as new.

Soundtrack (Radio 4, Thursday) dealt with fine people who will never make any 15 minutes. *The Bill for Service* dealt quietly with the effect on the police of the stressful events they meet on duty - a prisoner hanged in his cell, the Lockerbie disaster, the Clapham rail crash and so on. There was a plea for some kind of psychiatric debriefing. I thought the arguments important and the police reactions admirable.

Not all drama comes from the BBC. On Sunday, Clyde 2 in Glasgow gave *A Case of Legions Disease*, by Ewart Hutton, a police tale with a plot as complex as a tartan. Gordon, a known crook, is given a new identity by the police, so that he can lead them to the Miami Mafia folk who have \$100,000 for him to launder. They also lend him Morag, a woman police escort.

In a quiet country place, they see a skull, said to be a Roman legionary's, with a little hole in it and a used pistol round inside. Why was the

skull not smashed when this was fired into it? Because the skull's owner had been no Roman, a former German, now Scots, explains. He was the pilot of a German bomber that crashed near-by; he had baled out but been shot. The Miami Mafia get an occasional look while the skull problem is examined, and then they are chopped by Morag, by now pretty fond of Gordon. She was nicely played by Louise Beattie, Gordon by John Bett, and Finlay Welsh directed. Good fun.

LBC's *Images for the End of the Century* (Wednesday, Thursday and Friday, 10 minutes each), by Damien Chauland, was different. In a suite of recorded chat, documentary extracts and archival recordings, it tries to map the 20th century. But the instant images were not sharp enough; all we had was a pincushion of events that did not relate to one another.

Curiously, what I have enjoyed most in Radio 3's 205 season is the Hindimithi *Composer of the Week*. It is not for me to analyse it, but I find

much of it lively and as individual in its way as Mozart - good material for Classic FM. The Aldous Huxley stories I heard were good magazine stories, no more. Of course there were good magazines then, where informed stories about the arts might be expected. On Saturday, Richard Mayne's *Dancing on a Tightrope*, an account of Cocteau, spread widely over the 1930s, taking in Stravinsky, Les Six, Picasso, even Gericé. He may have been considered as much a showman as an artist in his day; but the plays and films remain as much part of our time as of his.

ST. JOSEPH'S HOSPICE

MARE ST. LONDON EN 6SA (Charity Reg. No. 231323)

"God's nobility" was how our founder described the dying poor of long ago. The poverty has declined but the sick and the suffering are with us always. So is your inspiring support in these anxious times. May God reward you for your vital gifts.

Sister Superior.

ART GALLERIES

FOR SALE - A BEAUTIFUL PAINTING by Augustus John in private collection. Viewing essential. Tel: 011 977 0171.



J. ALFRED Prufrock, T.S. Eliot's most poignant evocation of self-loathing mediocrity, had a characteristically plaintive refrain: "That is not what I meant at all. That is not it, at all." I am beginning to think that Eliot had a figure very like John Major in mind. The man seems to have developed a worrying tendency to say something publicly on one day and spend the next commissioning his office to say: "That is not what the prime minister meant at all. That is not it at all."

A month ago, at the Carlton club in London, the prime minister appeared - in a speech pre-sold as "visionary" - to endorse the idea of a scheme called workfare for the

So what do you mean, Mr Major?

Dominic Lawson wonders if the prime minister is suffering from a serious case of inarticulateness

unemployed. "I increasingly wonder," said Major, reading from a prepared text, "whether paying unemployment benefit, without offering or requiring any activity in return, serves the unemployed people or society well."

Major's words seemed clearly to imply that the government was considering ending the system under which, to receive unemployment benefit, you need only to be unemployed and seeking work. So, at least, the newspapers, and the Labour party interpreted the prime minister's remarks. The next day, apparently surprised at this, the

spin doctors at No 10 protested that Major had not meant any such thing. It seems he was just "flying a kite," which was hailed in fast.

Two weeks ago, John Major, in an attempt to avoid being outflanked by the Labour party's new hard line against youth crime, said that we "should condemn a little more, and understand a little less."

What Major meant to say, I suppose, is that he felt that we should be more censorious and less sympathetic towards criminals. But that is not what he actually said, in a phrase which merely made him seem silly.

Now Major has again - as Ronald Reagan once immortalised it - misspoken himself. On Wednesday, he told the *Independent* newspaper that he did not agree with the 1980s' ethos of allowing manufacturing to look after itself, and giving industry no special assistance. "I don't agree with it. I didn't agree with it in the 1980s. I am not a minority view now and, anyway, I am in a better position to expound my views."

I do not think it was wilful of the press to interpret this as a not-so-thinly-veiled criticism of the

Thatcher administration's attitude to manufacturing industry. In any case, the Thatcherites were duly furious at Major's remarks, not least for their insouciant attitude to collective cabinet responsibility.

Yet again, Downing Street's paid apologists were sent out to make amends, if *The Times* is to be believed. It reported yesterday: "Baroness Thatcher was reported by close colleagues to be satisfied after the prime minister and his staff spent much of an embarrassing day emphasising that his comments had not been intended as an attack on the former prime minister... the conclusion among ministers last night was that Mr Major must have been referring to Lord Lawson, his former boss at the Treasury." Oh, so that's all right, then.

It is interesting to speculate about the reasons for this apparent inability of the prime minister to say exactly what he means. Perhaps it is not an inability at all, but a deliberate ploy: fly a kite and, if the public and the press do not like the colour, you can always say you did not really like it, either. But that suggests a high degree of deviousness, which I do not believe

Major has. The more frightening possibility is that he is simply inarticulate. That is a very unusual thing in a prime minister. Thatcher, it is true, was no great orator but she was - and is - highly articulate and almost inexpressible constitutionally of being misunderstood.

Inarticulateness might not be such a handicap for a politician who wants to remain a back-room boy, a technocrat. Major though, has recently shown signs of wanting also to be a prophet with a vision. But words fail him. As Prufrock intoned: "I am no prophet - and here's no great matter: I have seen the moment of my greatness flicker. And I have seen the eternal Footman hold my coat, and snicker. And in short, I was afraid."

■ Dominic Lawson is editor of *The Spectator*.

Private View/Christian Tyler

An ally's estimate of Britain's worth

WHEN HE was posted back to Britain as US ambassador in 1991, the first professional diplomat ever appointed to the job, Raymond Seitz made two resolutions.

"The first was that I would never use the phrase 'special relationship' and the second was that I would never quote Winston Churchill," he said.

Have you stuck to them? I asked.

"And I have stuck to both of them. I have no objection to the 'special relationship'. I just think it's a little shopworn. It's become a code in some respects to make people teary (tearful). But we're moving into a new phase in a very new world and it kind of obscures what I think are harder realities. It is the hard realities of life and of international affairs that make this relationship unusual, effective, productive, coincident..."



Does the expression signify less these days to ordinary citizens?

"Well, I don't know exactly what it refers to. Does it mean that every time we say 'frog' you jump or every time you say 'frog' we jump? Do people go to Andrew Lloyd-Webber plays in America? Yes. Do we go to see *Howard's End*, do we give Anthony Hopkins an Oscar? Yes, we do. Do we listen to the same rock and roll? Yeah. Is that the special relationship? Sure, you have Americans - and they don't have to be of British stock - who love to see the Changing of the Guard and who read Christopher Robin to their children." He gestured towards the window of his big office in Grosvenor Square.

Raymond Seitz was back in London after helping smooth the way for John Major's unexpected cheerful first encounter with the new US president. But the question at the back of my mind was whether Bill Clinton was merely being polite when he reassured an apprehensive British prime minister that the relationship was "special to me personally and special to the United States and I think will be as long as I am sitting here."

Seitz agreed that the phrase is more a British than an American pre-occupation. He also observed the familiar, self-denigratory flavour of much British press comment in advance of the summit - "as if almost hoping that somehow it wouldn't work."

This week, John Major rounded on what he called the gloomsters. If the special relationship exists, what can a demoralised Britain bring to it? I asked the ambassador what he thought of the present mood of doubt and drift.

"There is a black dog that wanders around Britain worry-

ing about its future," he said, "about its sense of decline, of what it relates to. Is it to an empire, to the Continent, or across the Atlantic?"

The present crisis of morale, he went on, could be explained by the insecurity of living in a post-Cold War world and by the persistence of the UK recession, "a feeling that the dawn never quite comes, that the green shoots don't quite press high enough. I think you can even add what's happened

to the Royal Family or the Church of England. And I think what happened in Liverpool [he was referring to the murder of two-year-old James Bulger] acted as a kind of flashpoint, somewhat in the way the cockpit closures did."

There had been much the same gloom in the air in 1979, when Seitz completed the first of three tours of duty in the London embassy. He came back in 1984, as second in command to Charles Price II, bring-

ing two family dogs: Topsy, a Brooklyn pooch which he later described as "smart as hell" and Scarlett, an English Labrador, "as thick as two planks."

He found that Margaret Thatcher had instilled new confidence and assertiveness in the country. "One felt that Britain had a firmer grip on its destiny. It's that which seems to have loosened a little."

I suggested that John Major has made little or no impression on Americans. Seitz

smoothly sidestepped the invitation to a *four pas* and talked instead of Thatcher's impact. It was not the Falklands war which had impressed Americans, he said. "What really crystallised it was not the grand sweep, the Cold War struggle. It was the clarity with which Mrs Thatcher said Yes to the raid on Libya. Her willingness to take tremendous domestic political flak really lifted the American image of Britain."

The ambassador manages to combine cool analysis with a winning lack of pomposity. He is the typical Yale prep, you would say, a man of Republican tendencies and of no visible eccentricities - unless you count as eccentric the fact that he is twice married, smokes, and keeps a collection of old locks on his office window-sill. "I've been told it's Freudian," he said, smiling.

Seitz is so much admired ("the most capable American in Europe," according to one diplomat) that a campaign developed on both sides of the Atlantic to keep him in London in spite of the change from a Republican to a Democrat Administration. When I asked Seitz this week whether he would be recalled he said he had not been told he was staying, but nor - and here he looked insouciant - that he would be going.

Raymond G.H. Seitz was born in Hawaii at the end of 1940 where his father, later a major-general who took part in the Omaha Beach landing in Normandy, was then stationed. At Yale, he was president of the Delta Kappa Epsilon fraternity, apparently known as "the animal house". His State Department career included Canada, Kenya and Zaire before London, with spells in Washington under Kissinger, Vance, Haigh and Baker. George Bush put him in charge of European and Canadian affairs: he was the leading US official for German unification talks and helped persuade Moscow to accept a united Germany in NATO. Today, he is occupied with Anglo-American policy towards Bosnia.

I asked him whether Britain had anything any more to teach the US - a question to make a diplomat squirm. He hedged a bit, and replied: "Well, I find this a very civil society. One of the things I find most appealing here is the little transactions of everyday life, whether it is buying the newspaper at the newsagents or taking a taxi-cab or bumping into somebody."

What could Britain contribute to the relationship? Seitz launched fluently into his exposition. The three broad bases, he said, were geography, language and common attitudes and values. "From these deeper things comes a greater

likelihood that the US and the UK are going to identify their interests internationally in a roughly similar way.

"If that's the case, what do you bring to the game? The independent nuclear deterrent is the most obvious example." Formerly there existed what might be called a "comfortable balance of terror". Today the danger was nuclear proliferation. This, and the unpredictability of events in the former Soviet Union, could make Britain's bomb strategically as important as before. "So I'm not prepared to draw the conclusion that Britain's nuclear role is anachronistic."

Another asset was the historic exchange of military

capability to act, and to act even beyond their own region of interest.

I turned to the question of Britain in Europe and Seitz confirmed that the US attaches the highest importance to Britain's active membership of the EC. But, I asked, do you get the sense that Britain is drifting somewhere in mid-Atlantic and doesn't know where to put the anchor down?

"My impression is Britain does not put as much ideological and emotional weight into the concept of a European union. That kind of rhetoric, those kinds of ideals and goals are very important on the Continent."

What about this British

Raymond Seitz, US ambassador to Britain, explains his view of the 'special relationship'

intelligence and other information, now extending into law enforcement, drugs and terrorism. Third, there was Britain's seat on the Security Council of the UN (a status today being challenged). The UN's new-found authority as world peacekeeper could make Britain's role here more important.

"One final point - and I think this could be a critical one in the world ahead: there will always be a few issues or challenges where the US is prepared to act alone to protect what we regard as our vital national interest. However, I think there will also be a much bigger category of issues where the willingness of the international community or the US to act will depend very much on the degree to which other nations are prepared to act and take risks."

"And when you look around the world, you can count on the fingers of one hand - and that may be an overestimate - those nations which are prepared to act and which have a

ambivalence?"

"I watch the debate every day. If Britain is determined to isolate itself from Europe then the nature of our relationship is of course going to be different."

Are they compatible alliances?

"Oh, I don't think they're mutually exclusive at all. I know there's a zero-sum proposition: the analogue is America's preoccupation with the Pacific. While that zero-sum calculation is analytically attractive, I don't think that's how in fact it works." He would not agree that the Conservative Euro-rebels were necessarily defending the old alliance: they might simply be Gaullist nationalists.

What difference does it make to have Bill Clinton in the White House?

"On the basis of five weeks, it's a little early to make that judgment. But I have not seen anything that would make me revise what I have just said."

You mean the pragmatic

underpinnings are strong enough to make the ideological or moral differences relatively unimportant?

"I don't think there is a great ideological gulf," Seitz replied. But in political terms a big change has occurred.

"Yes, it's a big change but it's happened before. I mean, you had Margaret Thatcher and Jimmy Carter. In the end it is the degree to which there is this coincidence of strategic interests, whether it's trade issues or Bosnia or Iraq or dealing with the former Soviet Union. My argument is that, uniquely, our interests are going to be far more likely to coincide than not."

Would Labour be less sentimental about the special relationship?

"It's not so partisan. I'm glad to see that the Labour party, perhaps because of the Clinton victory, in many respects is anxious to resume a dialogue with the US."

The relationship would fare much better without excuses or hype, the ambassador said.

"If one scrapes away some of the rhetoric we'll be able to deal with this relationship in a much healthier way."

"It's unusual to have to appear to defend the value of all of this. It's wrapped up a bit with your earlier question. There's almost a psychic wish here to say, 'Well, there's another thing that's gone! Well, we blew that one too! Well, we're no longer important or relevant.' It's this return of the hangdog."

Would he prefer to call it something boring like the "reliable relationship"?

"No, I prefer to call it a strategic relationship."

But is there any other country with which the US has it?

"Not that I can think of. It's not all harmony, and it shouldn't be because interests will clash from time to time... But no, not that I can think of."

The Special Relationship, in other words, is not special, merely unique.

Norman Lamont, we love you

Michael Thompson-Noel



WITH THE UK Budget looming, the time has come to speak the unspeakable: Norman Lamont must stay. He has become a national treasure. Our debt to him is bottomless. Crises have not toppled him. Scorn has not unmanned him. He is unbowed by rudeness. He just keeps smiling through. We may not rate him as chancellor of the exchequer but as a lightning-rod for our misfortunes he is almost Churchillian.

The penny dropped for me last Monday when the newspapers carried photos of the G7 finance ministers at the end of their London meeting. In the centre of the front row was good old Norman - head thrown back, eyes closed in ecstasy at some G7 joke, teeth scrubbed and twinkling, eyebrows artfully combed, his tie a brilliant blue. I thought: God knows how you do it, Norman, but you are still not unbored.

Hawks & Handsaws has more than an idle interest in Norman Lamont, for it was this column, in February 1991, that first suggested that he was heading for the quicksands. In the months that followed, the economy dived deeper and deeper. Norman became a laughing

stock. Yet still he stands before us, resolute and insouciant, like a bookmaker at the Derby, confident of laughing last.

It has now become plain that all Britain's troubles should be attributed to the prime minister, not to his chancellor, for John Major has been revealed as a fatally cack-handed. Major used to be a Brixton councillor, and so he should have remained. But he entered national politics and was eventually sucked up, in the vacuum around Margaret Thatcher, until he popped out, like a cork from a musty bottle, at the very pinnacle of UK politics.

In the meantime, Norman Lamont has taken the flak, shouldered our troubles and acted the rôle of national scapegoat, on whose head we have symbolically placed our multiple sins and woes. The policies were always Major's, yet we heaped our scorn on Norman. He reminds me of Hercules.

One day soon, I hope, someone will do for Norman Lamont what Nicholas Tomalin did for Princess Anne in the

Sunday Times in November 1973 - deliver him from ridicule. At the time, we were all fed up with Princess Anne. We thought she was a snob, and dim and dull to boot. It was part of Tomalin's genius as a journalist to detect in Princess Anne a quality we had not noticed. He called it her "redeeming nullity." Her irrelevance was her point.

She was an innocent and an anachronism, in the best possible sense. "I think it highly unlikely," wrote Tomalin, "that she has ever smoked pot, acted in a happening, signed a petition for the Jackson Five, canvassed for Shelter or Release, frugged, frugged-out, been to Biba, or done any of the other things normal healthy young contemporary girls feel obliged to do."

Britain had lost an empire yet found a rôle - watching Princess Anne on TV while she went bravely over the jumps on her horse, Hyperion. We needed Princess Anne. Almost from that moment, her fortunes soared. As a result, most of us today can gaze upon

Princess Anne, now happily remarried, without so much as a retch.

Saving Princess Anne was a bit like saving the whales - something for which posterity will thank and honour us. And if they and she could be saved, we can save Norman Lamont. We must look closely at the chancellor and acknowledge this simple truth: in the days of plague ahead, we will need his cheerfulness and stoicism, his singing in the bath and his bookmaker's laugh, more than ever before.

In summarising his case, Nicholas Tomalin wrote: "One could go on listing reasons for approving of Princess Anne forever. Name any aspect of modern life, and she can satisfy it in some way or other (usually, as I've explained, by having never heard of it). Everyone says that as we strive to accustom ourselves to a new, second-rate rôle in the world, we must concentrate on doing really well the less ambitious things. No more hubristic attempts to build Concordes or rule the world; just small, ingenious, innocent activities... These are good because they are within our competence. Princess Anne is something real, good, and suitably unambitious. We should be grateful for her."

Take my word for it: if we love Princess Anne, we shall shortly love the chancellor.



BOND UNIT TRUSTS

8.9% p.a.

CAN YOUR CURRENT INVESTMENTS OFFER YOU ALL THIS?

- ☒ **INCOME PAID MONTHLY** and a yield which compares very favourably with the current low rates from building societies.
- ☒ **PROTECTION AGAINST FURTHER DECLINES IN STERLING** the plan spreads your money across three trusts, Premium Fixed Interest, EMU and Global High Income.
- ☒ **PROSPECTS OF CAPITAL GROWTH** as interest rates look set to fall in Europe, there's an opportunity for capital growth as bond prices rise.
- ☒ **EASE OF APPLICATION** one application form, twelve monthly cheques.

So complete the coupon today for details and an application form, or call Ann-Marie Martyn on 071 522 2111

GUINNESS FLIGHT MONTHLY INCOME PLAN

* Based on average current bond yields of Premium Fixed Interest, EMU and Global High Income funds, using full offer prices at 2.2.93. Past performance is not necessarily a guide to the future. The value of this investment and the income from it may fall as well as rise and is not guaranteed. Issued by Guinness Flight Unit Trust Managers Limited, a member of BMO and Lazard.